

The

Credit World

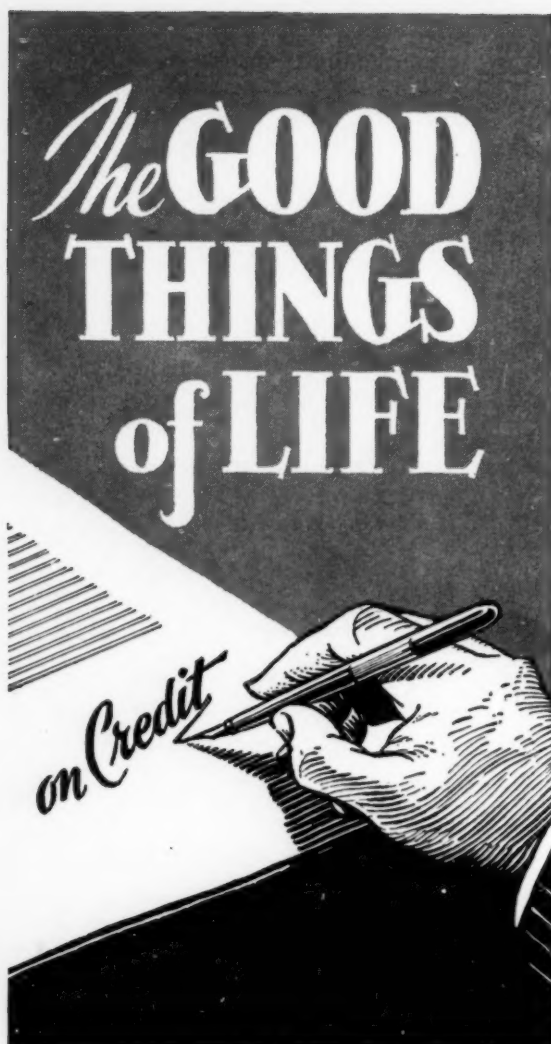
National in Name—International in Scope

of the

**NATIONAL RETAIL
CREDIT ASSOCIATION**

SEPTEMBER, 1957





Prices

500	\$10.00
1,000	\$18.00
5,000 . . (per thousand)	\$17.00
10,000 . . (per thousand)	\$16.00

(Transportation charges extra.)

(Booklet shown above actual size)

Consumer Education Pays

THE BOOKLET, in two colors, "The Good Things of Life on Credit," has been designed to educate the customer to use credit and pay as agreed—in other words, to "Buy Wisely—Pay Promptly."

IT CONTAINS seven chapters as follows:

1. The Magic of Credit Buying Power.
2. What People Buy on Credit.
3. The Value of Personal Credit.
4. Credit Depends on 2 Things.
5. Your Credit Record Is an Open Book.
6. How to Establish Your Credit.
7. How to Maintain a Good Credit Record.

ON THE LAST page appears the Code of Ethics of the National Retail Credit Association which in itself carries a worth-while educational message to the consumer. On the inside back cover is the National shield containing the slogan "Guard Your Credit as a Sacred Trust." The outside back cover has been left blank so that you may, if desired, imprint the name of your store on it.

THIS BOOKLET covers fully the conveniences and advantages of credit, as well as the necessity for maintaining a good credit record. It is an excellent educational piece to enclose in letters opening new accounts, in sales promotional letters, and in collection letters. The consistent use of this booklet will produce highly satisfactory results whether in the promotion of business or in the collection of past-due accounts. ★★★

NATIONAL RETAIL CREDIT ASSOCIATION
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ATTENTION!

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*** Get your free copy of this new booklet,* "Simplified Accounts Receivable for Retailers."**

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The CREDIT WORLD

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The President's Membership Drive Will Pay Dividends

DETAILS of the "President's Annual Membership Drive," September 15 to October 31, 1957, are fully explained on page 24 of this issue of The CREDIT WORLD. Details of the cash and merchandise prizes and plaques to be awarded are outlined in this article.

In addition to these awards the Districts will receive a bonus award for each new member reported during the campaign. It works this way:

If the new member is recruited by a local N.R.C.A. unit, breakfast club or 100 per cent credit bureau, the District will receive 25 cents from the National Retail Credit Association in addition to its usual fee from the N.R.C.A.

If the new member is not recruited by a local group, but comes to the National as a District member only, the District will receive 75 cents from the N.R.C.A. in addition to its usual fee from the N.R.C.A.

If you want more money for your District treasury, this is your opportunity. Build a fire under your local and state groups! Help them increase their membership enrollment now. Get as many new members as possible between September 15 and October 31, 1957. District officers and directors are urged to put forth every effort to get new members. Now is the time!

For Breakfast Clubbers

Credit Women's Breakfast Clubs located in towns and cities where no N.R.C.A. unit of 100 per cent N.R.C.A. credit bureau is operating, will receive 50 cents of the \$5.00 membership fee for each member.

If the Breakfast Clubber who enrolls the new member is currently an N.R.C.A. member, it will count towards the individual award total.

As a suggestion urge your members to enroll their employers as N.R.C.A. members, if the employer is not now a National member. Re-enrollment of former N.R.C.A. members count as new members. Every credit granter should belong to the National Retail Credit Association. The advantages, including The CREDIT WORLD alone, are worth much more than \$5.00 membership fee.

Envelopes containing final reports of new members must bear a post mark dated not later than October 31, 1957.

Our goal is 100,000 members. How many will we receive from your city?

J. C. Gilliland

General Membership Chairman

What the N.R.C.A. Means to YOU

CHARLES F. SHELDON

Manager, Philadelphia Credit Bureau, Philadelphia, Pennsylvania

IN PHYSICAL chemistry, a catalyst is a substance that holds things together until a desired action is completed. The catalyst gives of its strength, yet remains unchanged. I can think of no better analogy for the functions and goal of the National Retail Credit Association.

The Association was organized in 1912 by visioned consumer credit managers as the focal point to attract representatives from all consumer credit granters throughout the world. The One World of that sterling character, Wendell Wilkie; the One World of the United Nations; the One World of the International Red Cross, in essence, are identical in aim of service as that of our National Retail Credit Association.

It was organized to be the vehicle where the leaders from all sections of consumer credit could collate their thinking in a central depository. A fountain of service and facts where all could come to be refreshed and absorb strength from the strength of others.

The National Retail Credit Association can also be likened to a family that works together for the benefit and improvement of all the family, not just for an individual or branch of the family. Its basic concept was, is and I feel always will be, that the individual consumer is one credit entity. The individual consumer does consist of different kinds of credit needs. He requires mortgage credit, merchandise credit, loan credit, service credit and professional credit. However, each is only a part of the whole. Each segment of credit is not the whole credit per se, nor, is each segment of the orange the whole orange, it is just precisely what you see, feel and eat one piece of the whole orange.

This basic approach, in my opinion, to the advancement and practice of wise and sound consumer credit is the outstanding contribution of the original founders of our National Association. By being a member, contributing to its activities, using its publications and attending its conferences, you, too, become a contributor to sound and

wise credit extension.

You do something else, too; you become one of the selfless individuals who does his or her share for the betterment of your friends and other practitioners of your profession, for we are in a profession just as, in my opinion, accounting is a profession. Being an expert in chemistry, or physics or biology requires no more concentrated effort to learn and keep abreast of your subject, than consumer credit or accounting. All are professions and should receive equal standing in our colleges and universities. The only reason, it appears to me, why consumer credit and accounting are not professions is that they have not been practiced long enough to become as great a factor to our daily life as the other professions. Our accumulated information and statistics are not in great enough volume and our experience is not yet sufficient to provide measurements to use as definite yardsticks.

The statistics and the experience, however, are fast building up and in the not too distant future, it is apparent that the basic goal of the founders of the Association will be realized. We, and those who follow us, must do our part in the present, and pass on to the future an advancement over what we inherited. And we are doing it. How are we doing it and how can you individually gain in stature through a membership in the National Retail Credit Association?

I know of no other organization that is any more dependent on each other than what we might refer to as the consumer credit fraternity. Our interdependence on each other is more comparable to that of the family. None of us can go it alone and be successful. The isolationist in consumer credit does not fulfill his obligation to the customer nor to the community. The economic health of the community depends in large measure on the healthy condition of consumer credit. Healthy consumer credit depends on broad gauge cooperation when we are investigating; we should make every effort to obtain all the current facts and ap-

prove credit only on the ability of the customer to repay commitments promptly.

At a Consumer Credit and Consumer Spending Conference sponsored by the Wharton School and the Philadelphia Credit Bureau, John Reilly, Vice President in Charge of Consumer Credit, First Pennsylvania Banking and Trust Company commented:

"The man who says that installment credit is too high or unsound is saying in effect, that many intelligent, experienced lenders are busy making unsound loans. If every individual credit is a sound credit, I cannot see how a total made up entirely of sound credits can be too high. Our thinking and concern should not be devoted so much to the quantity of consumer debt as to the quality of it."

We can agree with him. But we cannot agree with the daily practice of so many financial institutions of all types that, innocently enough overload the customer by not working within the family to create and refer to a central source of consumer credit records.

When you, as a member of a local association, meticulously and steadfastly stand together for one source of credit records, you receive many dividends in return. The dead beat cannot harm you too much. Your investigation expense is held in tune with the times. Your dunning and collection expense is reduced or held in line. Your losses are minimized. None of us can do these things alone. We are only boosting our ego all out of proportion when we think that we can accept consumer credit with no help from others. Losses as a result of such pyramiding of commitments beyond the ability of the customer to repay promptly, if at all, increase as unemployment increases. It stands out now. The losses are standing out also.

Your membership in a strong local unit means that you are dedicated to building a strong Credit Bureau. Even today, you are reaping the benefits of the know-how that your manager obtained in Philadelphia. That know-how is the result of what

has been learned over the past years from credit managers all over the country. I know, which is true with all Credit Bureau Managers, that he can serve you adequately, efficiently and harmoniously only in direct proportion as each of you give these same qualities to the Credit Bureau. You are the Credit Bureau. The Credit Bureau Manager interprets your collective wishes and gives you what you collectively want or he fails in his true purpose.

As a local Unit of the National Retail Credit Association you may benefit by the National Association and sponsorship of activities and publicity, literature and "collection assists" that you could not possibly do alone, or as a local unit without national affiliation. Actually, those who do not contribute to National activities through their local units are getting something for nothing. Because of the activities of the National Retail Credit Association in education and publicity and legislation all of us in consumer credit reap a tremendous harvest. Because some of us may not view the consumer credit customer as a whole entity we minimize the dividends from this uniform National action.

This is not the condition in consumer credit alone. It probably is true of all cooperative efforts. The small yearly cost of membership in your local and national association, however, should be no deterrent to you for it assures to you and to your firm the future progressively improved understanding of the proper use of credit. With such understanding you can afford to sell more merchandise or make more loans at a reasonable profit. Without such National and International protection we are at the mercy of the dead beats, slow-pays, frauds and eccentrics among us. I feel greater security working on a team with those others in the consumer credit field. They help me to do a better job. I hope that in some small measure that I contribute somewhat to their business peace of mind.

I would like to assure you that my preparing this article would not have been possible without 40 years of constant contact with the National Retail Credit Association. I have gained my knowledge as a finance company, credit manager and Credit Bureau Manager, wholly from members of the National Retail Credit Association. Ever since I started working in consumer credit in 1916, I have been the recipient of knowledge and friendship from some of the outstanding consumer credit

managers in retailing and finance throughout this country, Canada and England. Their great warmth, generosity, respect for others and desire to help them is characteristic of Credit Managers. As a Credit Manager you like people. You are a group of selected individuals. You, of course, have your aches and pains from your work, but you overcome them with your great love of people. That is the sign of a Consumer Credit Manager.

As a member of the local unit of the National Retail Credit Association you have a textbook of knowledge in *The CREDIT WORLD*. Experts in their field, working out of the St. Louis Office, gather together from all four corners, the gems of our work for your free benefit. The *CREDIT WORLD* should be received by each and every consumer credit manager.

Make It Grow

Individually, each of you who are now members should pledge to obtain one or two members each year in your local association. You and only you, can make it grow. It is your Association, not the Bureau Manager's, but yours. It is personal, it is dynamic; it is growth for you, personally. You will not gain any personal growth through the work that others do; only through your own. Deeds, not words or promises, will make your local unit exceed 100 members. Make it your business club, for that surely is what it is to you.

Such things as we quote hereafter that are happening in all communities are minimized when you are banded together 100 per cent in a strong local of the National Retail Credit Association. And remember, you do not have all the answers in your city, neither do we have all the answers in Philadelphia. We need the protection and holding together of our catalyst national parent.

In Philadelphia at present there is an investigation along certain lines of consumer credit where an arrest may be made within a few months. Certain merchandise paper discounted at banks has questionable value. I am told that it is not an inconsequential amount. A strong local central file of records might have caught this manipulator several years ago. Losses may be quite heavy.

We heard of a customer near Bristol, Pennsylvania, who owes approximately \$9,000. He is not going to repay all of this money in his lifetime, in my opinion. One file of

Credit information, and analyzing the commitments from the viewpoint of a whole credit entity will minimize such losses. Without a strong central credit bureau, the dead beat and careless credit customer is granting your credit. You are not the boss. You only kid yourself that you are and here is proof.

On October 18, 1956, our Collection Department received a claim from a local hospital. It was against the husband and the wife in an amount of \$384.00. Of this amount \$100.00 had been owing since August 1953; \$97.00 was owing since 1954 and the balance since June of 1955. This was the only record in our file on March 14, 1957. The claim was worked diligently until late January 1957, when the Collector felt obligated to obtain permission to refer it to a local constable. The hospital approved the action. The constable pressured the husband to renew a loan to clear this bill; as the customer had a small balance with a local loan company. Finally, the customer admitted having a small loan, already six or seven weeks late, amounting to \$146.03, borrowed to pay a local department store.

There is no record of the past-due account with the department store in the Credit Bureau files. It was actually past due for one entire year without a payment. Now he still owes the hospital bill and the new loan.

Unusual Example

He then went from the Northeast section of Philadelphia, where he lives and works, to the opposite end of the city to another small loan company and borrowed \$300.00 to pay the hospital. On his way to the hospital he saw a color television set that struck his fancy and since it cost only \$395.00 on a 24-month basis, he offered the \$200.00 as a down payment and it was accepted.

The balance is being financed by another financial institution without investigation because of the \$200.00 down payment. The hospital will have to wait for the \$384.00 which is now four years past due. The department store account was paid but will probably open another account any time now. The loan with the first company will possibly become even more delinquent and the finance company will probably repossess the color television set.

I hope this leave you with a burning desire and determination of steel to strengthen your local unit of the National Retail Credit Association to seam-bursting dimensions. ★★★

Collecting Revolving Credit Accounts

FRED R. HACHTEL

Credit Sales Manager, Gimbel Brothers
Milwaukee, Wisconsin

I WAS RELIEVED to learn that the subject matter of collecting Revolving Credit Accounts was on the agenda for this conference as it meant others, in addition to myself, have the same problem. I willingly accepted the assignment to talk 15 minutes on this subject for a purely selfish reason. I felt that perhaps in searching for material for this little talk, I might find the answer to my own problems. Everyone of you is just as capable as I in collecting RCA Accounts. However, during this session I hope I can offer a little something that may be helpful. As Leland Davis said, "We need not so much to be instructed as to be reminded." Now, let's look at our problem objectively.

What is considered satisfactory collection on RCA Accounts? What yardstick is to be used as a unit of measurement? If we use our regular collection percentage, which, of course, is outstandings the first of the month into collections for the month, we are probably satisfied on Regular Charge Accounts with collections of around 50 per cent, which means that one-half of our outstandings are collected each month. If we apply the same principle on Rotating Charge Accounts and have a 6-month pay out plan, a collection percentage of 16.6 would theoretically mean that we were collecting the regular monthly payment on each account every month. If a 10-month account, the same theory would apply if collections were 10 per cent, and if on a 12-month account, we would only need an 8.3 collection per cent to mean that the required payment was received each month on every account. I am sure that our collection percentages, based on the above pay-out periods, are better than those stated. However, I believe we will all agree that collection percentages do not give us a true picture of the condition of our accounts receivables.

A truer picture can be obtained by ageing accounts to determine the per cent and number of days past due. The ageing results should give us a picture of possible future charge off to bad debts. However, even the

ageing picture does not always give us the information that we want. On the set limit type of Revolving Credit Account where there is a definite limit and monthly payment, the customer may be substantially over her limit but only paying the amount due for her limit, and the account would be aged as current. Under the chart plan account where there is no set limit and the monthly payment amount depends on each month's balance, the account would be aged past due, even though regular monthly payments were being made, if they did not conform with the payment specified by the chart.

Not too long ago we changed to the chart plan method of Rotating Charge Account and a recent ageing showed an increase in accounts past due. In spot checking these accounts, however, I found that the following was a common example: Where customers formerly paid \$10.00 per month on a \$120 limit account, they increased their payments to \$20.00 or \$25.00 a month, but because of larger balances their payment was not increased to the amount indicated on the chart, and therefore, they were aged past due. Under our former type of RCA Account, this same account would have been aged as current. The first thing to determine is what collection standards do we want to maintain. We must remember that this type of account is a great volume builder. It has brought greatly increased sales to our stores.

Our responsibilities to our organization are many and diversified. I believe, however, the two most important ones are (1) to increase profitable credit sales through the wise extension of credit, and (2) to protect our firm's assets in the form of our accounts receivables. My subject, of course, is with the second—to protect our firm's assets by collecting the amounts outstanding on our books.

Collections can perhaps be improved upon by a tighter control. This control would start at the time of the interview, when the customer is opening her account, providing

she is applying in person. In an interview for a Rotating Charge Account it is essential that the interviewer be explicit in explaining the limit and terms and the importance of making prompt payment. The next step between the interviewer and the customer is to agree upon a mutual credit limit in line with the monthly payment the customer has the ability to make. It must be impressed upon the customer that she is not to exceed the limit unless prior arrangements are made in the Credit Department.

Under the chart plan account where there is no set limit and monthly payments fluctuate, the interviewer should ascertain from the customer the maximum amount she feels she can pay monthly. This would then be placed on the ledger card as the customer's limit. However, after receiving the credit report, this limit may be subject to revision. After careful analysis of the credit information, paying particular attention to type and length of employment, income, number of dependents and other known expenses, plus, of course, the important past paying habits, it may be that the customer apparently has a financial ability to pay larger monthly payments; as in many cases, and you may well have experienced it, the customer is conservative in setting her own limit, not anticipating future requirements. In this case, we set what we call a store limit on the account and we do not question the customer's charges until this limit is reached. If she should endeavor to go over this amount, the account is referred to the credit manager or assistant for further review before stopping an additional charge.

However, by the same token, the credit report may indicate that the customer does not have the ability to pay the amount she designated. In this case, the store limit should be revised downward and the customer so notified. In arriving at a limit to apply to an account based on the monthly payments, a fairly accurate yardstick or measurement would be a monthly payment

amounting to 10 to 15 per cent of the monthly income, varying, of course, with other known facts gathered from the credit report.

Whether or not we admit it, I believe that we felt this type of account was for our lower income and marginal risk customer, particularly when Rotating Charge Accounts first came into being. Because of the popularity of this type of account, however, we do not now feel that all such customers belong in this classification.

However, are we inclined to open this type of an account for a customer because she is a marginal risk and we do not want to turn her down completely? In addition to having the knowledge of how to analyze properly a credit report and apply a rating, we must also have the fortitude to reject the account completely where the information indicates that it would be a questionable credit risk. We all have those customers that according to credit information are in between. Perhaps there is not too much past credit history on them and we feel inclined to take a chance. That may be exactly what we are doing, but to a degree we may be able to control the buying habits of this customer by handling it a little different than the account that is opened in the regular way. For instance, we can open the account and not issue a credit plate, and we can apply to the account the smallest limit available.

Floor Release Limit

The next type of control on this type of account is the floor release limit. In our store we have a rather low limit on this type of account—\$5.00 with the credit plate and this applies to both takes and deliveries. If there is no credit plate presented, a 100 per cent authorization is required, which is why I mentioned a few moments ago that, in accepting a questionable credit risk and not issuing a plate, we do have better control as every charge is called. In order, however, to make a floor release limit work there must be complete training of the sales personnel to acquaint them with the authorizing procedures and adherence to such procedures. They must be trained to call all charges over the amounts specified. If the customer does not have a credit plate and there is a different floor release limit on RCA Accounts than Regular Charge Accounts, the clerk must inquire of the customer which type of account she has, and if doubtful, call

the authorization room for a credit OK. To further assure ourselves of eventually collecting our money on this type of account, we can restrict additional charges if the account is in any degree past due or over limit. In many cases, I believe we are inclined to add just a little bit more to a customer's account where she is not seriously past due or over limit. However, unless we have had a good deal of experience with this customer's past paying habits which would warrant such further extensions, we may be asking for trouble.

Up to this point I have been more or less discussing a restrictive approach of collecting the account. There is also the indirect approach, which I believe is done through the prompt servicing of the account. This helps to promote customer good will and creates a desire within her to pay her account promptly at the store that treats her best.

Personnel Training

This starts right from the point of sale in the customer's contact with the sales clerk. Training a sales clerk to be friendly, interested and helpful aids us in our collections. When it is necessary to call a customer's charge purchase for credit approval, give prompt authorization since one minute on the selling floor to the customer seems like ten. In the matter of adjustments, be sure to give the customer's complaint prompt attention, even though we may not be able to adjust completely to her satisfaction. All of these, I believe, are equally important in maintaining the customer's good will toward our store and thus help create in the customer the desire to pay her account promptly in order to keep her credit good at her favorite place of shopping.

As Samuel Reyburn, former President of Associated Dry Goods Association, quoted in *Women's Wear Daily*, "Men and women will return time and again to that store which stands out with its service and personality. Price no longer is the attraction it once was. Service still is the backbone of the business. Customers today are better informed and they want service which stems from alert personalities."

However, regardless of the care we may have taken to open only those accounts which indicated they would be prompt pay and to give prompt service which we felt would induce the customer to pay her bills when due, we will still have those customers on which we will have to take some steps to enforce collection.

The first step, of course, is to get the statement mailed promptly and into the customer's hands. I believe the old saying, "the first bill received is the first one paid" is still true, particularly where the customer does not have enough money to go around to pay each of her creditors every month. But as we all too well know, the mere mailing of a statement is sometimes not enough to bring in the money. We must send those polite, little "reminder notices." At what stage of delinquency and at what intervals we wish to send them will vary with store policy. At our store our terms are payment due within 30 days from the billing date and we send the first notice at one day past due, or 30 days from the billing date. (Statement inserts are used.) If you have shorter terms, of course, your follow-up would be sooner. Our second notice is sent at 30 days past due, or 60 days from the billing date, and is referred to advance collection for personal 'phone calls, letters, etc., at 60 days past due or 90 days from the billing date, if favorable response has not previously been received.

It is important that in this division a close follow-up be made on promises to pay if the date is missed or an under payment made and prompt referral perhaps to an attorney on accounts which become skips or otherwise appear dangerous.

I think we all recognize the Revolving Credit Account is with us to stay, as we are receiving more and more requests daily for this type of an account. I think we all are experiencing a great increase in the outstandings in this type of an account in per cent to total credit sales. It is up to us as credit executives, by the way we handle and control the account, whether it will become a "boom" or a "boomerang." Whatever we do, our course will be tempered by management who determines the collection policy in relationship to the total store sales. Our job is to efficiently administer the policy as determined by management, to advise management of trends, good or bad, which could effect the current policy, and to make recommendations to management for a tightening or relaxing of present administration and collection policies based on our experience, and knowledge of present trends.

If we conscientiously administer our accounts as outlined, I am sure we will collect most of them, providing we are lucky and the good Lord is with us. ★★★

Collecting Petroleum Industry Accounts

CARL L. KILGAS

Credit Manager, General Petroleum Corporation
Portland, Oregon

IT IS A real pleasure for me to be here today and talk about collecting petroleum accounts. To give you a bit of background and enable you to get a better picture of our problems and conditions under which we collect our receivables, I would like to point out several interesting facts which differentiate the petroleum credit field from other credit fields.

The retail credit card system used by most oil companies had its beginnings during the late 1920's and early 1930's. Since then it has grown steadily. Today about six million Americans have learned how easy it is to gas up by driving into their favorite filling station and complete the transaction by merely signing their name to a credit sales slip. One out of every 12 motorists uses a credit card or a prepunched check-book whenever he stops for gas and oil. This card is also good for many other purchases and services, such as, a full set of tires, a new battery and many auto accessories.

Credit Card Purchases

Oil companies like these credit customers because they usually purchase all of their petroleum requirements from the company that issues them a credit card. Statistics show that these credit customers actually buy more each time they stop to get their tank filled with gasoline. They also buy more each time than they normally would if spot cash was required. Each of these credit customers buy \$20.00 to \$30.00 worth of petroleum products each month. This means that the national monthly total for sales to these credit customers runs upward of 150 million dollars per month.

This credit card business is big business and yet the records show that these bills are being paid. To further understand the petroleum collection background, it is informative to know what credit granting media or credit cards are being issued by various oil companies for use by their customers. Years ago, most companies issued cards that were valid for only three months. A

few gilt edge special customers, however, received cards of longer duration. Gradually more companies issued cards with longer expiration dates principally because of sales pressure and the fact that the expense that accompanies each reissuance is quite high. The shorter the period, the greater the annual cost.

The latest survey shows that several large oil companies are now issuing credit cards that are good forever or until revoked. A check of 32 leading oil companies shows:

One still issues nothing but quarterly or three-month cards.

Four issue pre-punched cards in book form. These are about as restrictive as quarterly cards.

Two issue 90 per cent quarterly and 10 per cent annual.

Three issue 80 per cent quarterly and 20 per cent annual.

Six issue 50 per cent quarterly and 50 per cent annual.

Five issue 20 per cent quarterly and 70 per cent annual.

Seven issue five per cent quarterly and 95 per cent annual.

Four issue permanent type cards.

Lost Credit Cards

Now, we must remember that petroleum products sold on these credit cards are usually completely consumed long before the customer has even received his bill. Furthermore, if the card has been stolen it can and very likely will be used throughout the United States and Canada. Run away and stolen cards are difficult to locate, let alone repossess and if not picked up or stopped can result in a large balance usually uncollectible and a dead loss.

With these dangers a real factor, what do the oil companies do to keep their losses in line? First, in establishing the account, all applications are usually investigated through the local retail credit bureau. Out of the total applications received, 25 to 30 per cent are rejected. So, the 70 to 75 per cent are basically good credit risks. Second, a systematic, logical collection fol-

low-up is quite rigidly employed. Most oil company credit departments work from an aged analysis of accounts prepared monthly. This aged listing of accounts receivable is usually coded to indicate the type of credit card outstanding and the length of time the customer has had the card.

In large operations, current accounts are usually not shown on the analysis except where the amount owing currently is in excess of \$100 or \$200. These large balances are listed separately so the manager of credit sales handling that particular group of accounts can analyze the reason for the large purchases. This is not too much of a chore as he becomes familiar with those appearing regularly so the investigation usually entails only the new ones appearing for the first time.

Account Overbuying

If investigation and analysis discloses the account is actually overbuying or if the purchases look irregular, immediate steps are taken to curtail or stop the purchases. This is the number one collection effort to reduce losses. The next step takes place when the account is first listed on the analysis as past due. Because of the volume, printed notices, form letters, processed form letters, and rubber stamp reminders are most liberally used. Some companies insist that the ribbon used for typing a customer's name and address on a form letter must match the ink used in printing the form letter. Other companies desire a marked contrast in the inking so the customer will know that it is a form letter and that he has not been singled out for attention.

While telephone contacts and especially dictated letters are very effective, it must be remembered that these are quite costly when compared to form letters. Telephone and dictation is usually used only when accounts require a specific answer or the amount involved warrants the added effort and expense. The large volume of form letters can

be handled with little difficulty under cycle billing. This method of billing spreads the work load evenly throughout the month with relatively few peaks during the month.

To begin the formal collection follow-up, some companies send stickers on reminders to an account when it becomes 45 days past due. These notices are usually affixed to the duplicate copy of the customer's statement. It was found by some companies that these attached reminders were usually read and were more effective than a collection notice stuffed with the regular outgoing monthly statement. Other companies start their first follow-up when the account becomes 60 days past due. This later start could coincide with their issuance of a shorter term credit card. Three-month cards give better control than yearly cards and could logically result in delaying the first follow-up on the theory that the customer knows his card will expire on a certain date so he will make sure his payment is mailed in time to avoid any delay in receiving his new card.

Whenever collection effort begins, it is continued consistently at 10 to 15-day intervals until the customer replies or the account is ready for collection agency action. Collection agency action on accounts that have not replied to the collection follow-up is usually advisable between the fourth and fifth month they become past due. The rate of depreciation of accounts receivable reaches its greatest depreciation acceleration right after this point. Dr. Clyde W.

Phelps, in his book, *Retail Credit Fundamentals*, says accounts depreciate at the following rate:

30 days	5.0%
60 days	7.0%
90 days	10.0%
4 months	14.0%
5 months	19.0%
6 months	37.0%
1 year	58.0%
2 years	74.0%
3 years	83.0%
5 years	100.0%

When an account is four months past due, attempts are usually made to have the credit card returned. Of course, this is a rather drastic step so each account is further analyzed to see if this step is advisable. Repossession efforts are usually determined by the merits of each case. Requests for the return of the card are usually made by letter. With prepaid envelopes enclosed, the chances of getting the card returned are increased. There are relatively few cases where the customer does not return the card or ceases to purchase. For the few that do not return the card every legitimate means is used to get the credit card. Pickup bulletins, with and without a reward are issued and if the card is being used at one or two stations repossession is not too difficult. If the card is used in a particular area, that area only receives the bulletins. Broader circulation of bulletins is usually too costly as postage could easily become prohibitive. To cut down costs, many companies use carefully worded postal cards. A

number of companies use the Western Union pick-up service. The cost is nominal and excellent results have been reported.

Accounts are usually written off to bad debts approximately one year after the account has ceased to purchase. Collection effort is continued as long as there is the remotest possibility of collection. Recoveries received on accounts written off are credited to bad debts and reduce the actual write-off to a final net figure.

Here are the results of 26 oil companies' experience with accepting preferred credit risks and an aggressive, though considerate collection followup policy:

Percentage of accounts	
current	73.6
Average number of days	
outstanding	45.8
Gross bad debt losses:	
5 companies reported	.15 to .20%
5 companies reported	.20 to .25%
9 companies reported	.25 to .50%
5 companies reported	.50 to .75%
2 companies reported	over .75%
Net bad debt losses after recoveries are received:	
4 companies reported	.10 to .15%
4 companies reported	.15 to .20%
4 companies reported	.20 to .25%
7 companies reported	.25 to .50%
7 companies reported	.50 to .75%

You can readily see, from these figures, that oil companies experience relatively low bad debt losses. It does appear that oil companies do have a collection system that produces quite satisfactory results. ★★★

Supplies Available from National Office

Age Analysis Blanks	\$ 9.50	
Credit Application Blanks	8.50	Per 1,000
Good Things of Life on Credit (Educational Booklet)	18.00	
Stickers and Inserts	4.00	
Soldiers' and Sailors' Civil Relief Act (Booklet)	.75	each
CREDIT WORLD Binders	3.00	each
N.R.C.A. Electros	.75	each
N.R.C.A. Membership Signs	1.00	each
Pay Promptly Advertising Campaign (18 mats)	3.00	each

★ ★ ★ ★ ★ ★ ★ ★

NATIONAL RETAIL CREDIT ASSOCIATION
375 JACKSON AVENUE
ST. LOUIS 5, MISSOURI

COLLECTING INSTALMENT ACCOUNTS

ROY E. TETER

Manager of Credit Sales, Jenkins Music Company
Oklahoma City, Oklahoma

I AM GLAD to have the opportunity to tell you about some of the interesting aspects of collecting instalment accounts. I am identified with the Jenkins Music Company whose home office is in Kansas City, Missouri. We are 79 years old and the largest company of our type in the world. One of my most important duties is the training of young men as office and credit managers for our ten branches.

A good Manager of Credit Sales is the star salesman of any company, especially those that have, to a large degree, a large number of instalment accounts. In many cases our office people contact these customers 36 or more times during the life of the contract. The employees of the Credit Offices, therefore, have to be salesmen, collectors, adjusters and good will ambassadors. They are really the company as far as the customer is concerned.

Our customers are people and have emotions just like us. We should try to understand the other fellow's point of view and determine why his account is past due. The art of collecting an instalment when due is to get your customer to do what you want them to do without feeling that they are being dictated to or forced and that they are doing you a favor by cooperating with you.

Many times our instalment collection problems are partly brought about by our own negligence and improper handling of the contract. If the customer asks an extension until the tenth of the month and then does not pay, do not wait until the 15th

to call. The day for you to call should be the 11th of the month.

A skillful credit and collection manager can usually determine whether or not a slow paying customer falls into the category of a cheat or deadbeat because few people try willfully to avoid paying their honest obligations. Certainly there are times when we need firm action in the collection of instalment payments. It must be applied whenever necessary but then we serve no good purpose to ourselves or to our firms when we yield to an impulse of telling a customer off.

Our everyday problems force us into a close relationship with our customers and many times they try our patience and sometimes insult our intelligence. In many cases, if arrangements are not made at the beginning of the sale, it is forcibly brought home to you at a later date.

I once heard a biblical quotation "desire not the death of the sinner, but that he turneth from his evil way." What we, as credit and collection managers, desire not the loss of a customer who is inclined to be a little slow, but that he turneth from his slow paying habits and still be a good friend and patron. With the thought in this quotation together with the Golden Rule and a better knowledge of the art of getting along with people were used more in everyday problems of collection work, the results would be more pleasing to our management and make our daily routine a little easier. Too many of us are inclined to let ourselves get into a rut and

let our practices become too automatic.

When a customer is in trouble and comes to us, we should ascertain why he is in this condition, whether it be financial, indifference or a just complaint regarding merchandise. Take the time then to discuss these things with them as customers are people and their happiness is based on consideration. Satisfactory collections do not just happen.

To make a good instalment collector we must know our management's attitude toward collections then we will be able to work to the greatest benefit of everyone. Many thousands of dollars are lost each year because we have permitted instalments to become past due and the customer is no longer a potential purchaser of additional goods. He is unhappy with you and is also unhappy with himself.

Never lose sight of the fact that your happiest customer is the one you keep paying regularly. Collection expense is reduced as the number of accounts requiring attention are reduced. How many so-called good accounts do you review regularly in your collection analysis only to find that you make no collection effort. We work only about 10 per cent of all our instalment accounts as the others are paying regularly.

I believe it is time for stores to re-examine their collection procedure on instalment accounts. Many stores have done so. There is absolutely no reason why consumers should have more respect for a due date on an instalment contract with a bank or mortgage company than they do for the same kind of contract with a music company or appliance store. The only reason this is true is because we have allowed it to be so by lacking respect ourselves for our own terms. Apparently the secret in collecting instalment accounts is to build up this respect.

It is necessary, I believe, to re-organize our collection procedure so that from the time the account is two payments past due, it receives our personal attention. Goals should be set so that a planned program can operate toward removing these as

Consumer Credit for June

CONSUMER INSTALMENT credit outstanding increased \$443 million during June to an estimated \$32,344 million at the end of the month. This compares with June increases of \$772 million in 1955 and \$321 million in 1956. All components of outstanding instalment credit increased during the month. The largest increases were \$240 million in automobile paper and \$110 million in personal loans. Total short- and intermediate-term consumer credit outstanding increased \$538 million to \$42,245 million, \$2,791 million above the year-ago level. After allowance for seasonal factors, instalment credit during the month showed an increase of \$161 million and during the second quarter of 1957 an average monthly increase of \$192 million. This average monthly increase was about the same as that for the first quarter of the year and somewhat above that for the second quarter of 1956. Seasonally adjusted extensions during the month amounted to \$3,412 million while repayments amounted to \$3,251 million.

—Federal Reserve Board.

fast as possible. We will then reach a level comparable to other fields of instalment credit. Employ people who pay their own bills and have a deep respect for integrity.

We collectors of instalment sales must have uppermost in our minds that our firm depends on us to furnish money for new merchandise and pay the running expenses of the business. Also impress upon the customers that we arranged terms according to their wishes at the time of purchase and it is up to them for that term of the contract to maintain the provisions of same. We have found by properly opening the instalment contract and following with a sound positive collection program, we have been able to successfully collect our accounts with a minimum or repossession and charge-offs.

Every person is not a good collector. Some people just cannot ask for money regardless of how legitimate the cause, so as soon as you find this out make a change in employees. Select people who like other people; those that command respect of your most unpleasant customer. Nothing makes me happier than to hear and see slow customers coming to our collection people after a hard struggle to pay thanking them for their kindness.

I am a strong believer in ageing accounts for reviewing. We age our instalment accounts each 30 days. All instalments more than 60 days past due are placed in a separate tray where they get continuous service until they are again current. Each of the 10 branches of our company make a past-due analysis on a certain day each month regarding the condition of all instalment ac-

counts. This is on a branch competitive basis so there is no mistake on who is collecting and where the trouble exists.

A specific closing date for these reports also spurs the collectors to insist on a positive commitment from the customer appealing to his sense of justice and pride in his ability to pay.

It works wonders for collections if you have enthusiastic and capable employees. Competition is good in every line of endeavor. In each branch we give each collector an equal number of accounts to follow. That eliminates any excuses that "John has less accounts than I is the reason his collection percentage is better."

All accounts are cleared through the Credit Association and are marked A, B, C, and D, according to their previous experience with other credit granters. In that way your collector knows in advance what to expect in collection troubles. A leopard rarely changes his spots. To maintain and operate a good program of instalment collecting your people must not be bogged down with a lot of other duties. Some firms just collect when all other work is done. This cannot be done with any degree of success.

Our credit offices and interview rooms should be well located and attractive. This will place your customer at ease. Well selected expressions should be on the walls of the office as people love to read especially when you excuse yourself to get information or having your stenographer type the contract. An excellent one is "May this purchase today bring you years of enjoyment."
★★★

Annual Conference On Distribution

The 29th Annual Boston Conference on Distribution will be held at the Hotel Statler, Boston, Massachusetts, October 21 and 22, 1957.

This world-famous forum brings to it executives from all parts of the nation and from abroad who will discuss some major aspects of distribution and its effectiveness in the light of present and future trends. The theme this year is "Widening the Horizons on Distribution."

Since the field of distribution is so comprehensive—for it affects practically every phase of business—it is highly important that accurate and authoritative appraisal of trends be made periodically. This is what the Boston Conference has been doing successfully since 1929. This is why it has received world-wide attention and why it has kept its unique place in the field. It is why business leaders and others interested in making distribution more effective as a tool of management and as a means of raising peoples' standards of living, attend the conference. It is why they use the Conference Reports as the basis of policy making or to keep abreast of the times.

The 1957 reports will be published shortly after the conference. Copies may be obtained from Daniel Bloomfield, Director, 80 Federal Street, Boston 10, Mass., at \$4.50 each.

The National Retail Credit Association is one of the cooperating organizations with the Conference.

Text and Reference Books Published by the N. R. C. A.

Retail Credit Fundamentals, 390 pages	\$5.00
Retail Credit Management, 477 pages	5.00
Streamlined Letters, 497 pages	6.50
Important Steps in Retail Credit Operation, 76 pages	1.50
How to Write Good Credit Letters, 128 pages	2.25
Physicians and Dentists Credit and Collection Manual, 64 pages	2.00
Retail Collection Procedure and Effective Collection Letters, 80 pages	2.00
Retail Credit Sales Procedures and Letters, 80 pages	2.00

NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

ST. LOUIS 5, MISSOURI

Collecting Charge Accounts

E. E. CHRISTY

*Credit Manager, Boggs & Buhl
Pittsburgh, Pennsylvania*

IN PITTSBURGH, a discussion on collections seems to engender more interest and comment than in any other phase of the credit operation. We will do our best to make our remarks here today as interesting as possible. You will, no doubt, hear many things you have read or heard before, but since each tomorrow brings new challenges in the application of collection techniques and procedures, a constant review seems justified. We all know the natural inclinations of the consuming public as they relate to honest and integrity rarely change, but other things change from time to time, with their resultant affect on collections. For example, during the past 30 years economic conditions in our country have undergone several radical changes, and the new generations of young people coming along are making great strides forward intellectually. The higher the degree of literacy among our people, the more they will respect a good personal credit record, which, in turn, will be reflected in the way they pay their bills.

Border-Line Risks

An intelligent approach to the granting of charge accounts, and some degree of control over them is necessary if we are to expect a satisfactory turnover in collections. Being sales minded, as we must be in this day and age, we are inclined to accept many accounts falling in the category of border-line risks. The limits placed on these accounts should be so characterized as to cue the collection department of their questionable soundness, and have them flashed so as to bring them immediately under the surveillance of the dunnors.

Under the modern concept of authorizing, with its floor limits, control is not as effective as it was under the old method of 100 per cent authorization, but on the whole, in playing the averages, we do not come out too badly.

Collection of charge accounts is a job that requires an intelligent and systematic application of sound collection practices. We must have

enough knowledge of the law to recognize when legal advice or assistance is needed, and enough wisdom to keep our employers out of costly litigation. Economic conditions or mismanagement of affairs may cause some people to become financially embarrassed, but in most cases they work themselves out of it. In dealing with a broad cross section of the people of our communities, we find a very small percentage of the total accounts are charged off to profit and loss because of refusal to pay. However, just as our cities and towns maintain a police department for protection against the few who would violate the law, so our merchants must maintain a collection department to protect them against the few who become careless, negligent, or just plain dead beats.

Cycle Billing System

I would like to spell out some of the mechanics and theories one might apply in the collection operation of a modern cycle billing system, using vertical files and double cards. The ledger card provides columns for such information as the balance, payments, purchases, returns, and overdue amounts. With the use of the overdue column, it is possible to have the biller flash delinquencies at whatever point desired. There are three phases of dunning under the system to be discussed, automatic, intermediate, and advanced. But before getting into the dunning of accounts, I would like to say that one of the several ways to make reality out of the theory that an account properly opened is 50 per cent collected, is to direct all the monthly statements and collection notices to Mr. & Mrs. Of course this rule does not apply to unmarried people. In other words, set up all the forms necessary to the opening of an account in that way and it may be helpful in effectively placing responsibility at some future time.

Automatic dunning is handled by the billers and clericals as the accounts are billed and the statements readied for mailing. As the biller posts the media to the customer's

statement and brings the columnar totals on to the ledger card, she checks the "overdue column," and when an amount appears in it for the second consecutive month, the account is in a state of 60 days delinquency, and that is her cue to place a green overdue flasher card in it. The green flasher is used at 60 days delinquency, and later changed to a red one at 4 or 5 months, as may be desirable. At the same time the biller places the green overdue flasher in the account, she attaches an impersonal, insert dun to the statement for mailing to the customer. The message on this notice is usually a diplomatically phrased explanation of terms. In addition to this automatic type notice, the statements may be analyzed for partial payments as they are being readied for mailing, and an insert type notice sent which expresses a word of thanks for the partial payment, and solicits payment in full each month thereafter. In my opinion, it is more economical to absorb this type of dunning in the billing and mailing operation, than having full-time clerks leafing through the files dropping in overdue flashers and automatic duns.

Prompt Dunning

Intermediate dunning is handled by trained collection clerks. The work is performed analytically, each account being dealt with individually. As a general rule, all past-due accounts receive their first notices on 60-days delinquency. There are two exceptions to this rule, however. The border-line accounts are immediately placed in the category of the 60-days delinquent, and past-due red flashed accounts which have been paid in full, but are to remain open to further purchases. These accounts are kept under very close scrutiny, and are dunned on 30-days delinquency. The qualified limit placed on the border-line account is a cue to the unit operator to flash it when it is placed in the active file. As we said before, each account should be dealt with individually, and if a customer has been a heavy and con-

sistent buyer down through the years, it may be advisable to forego the dunning and tolerate a five or six months turnover. My personal experience in trying to get these people to pay in 30 days has been very unsatisfactory. They take offense and close their accounts. If payment is not received on one of these old accounts for several months, and you have the urge to bring the overdue to the debtor's attention, all such agitation should be of the "kid glove" type, and not immediately take on the nature of a dun. It should be a friendly message with an expression of appreciation for patronage, etc.

On new accounts, I think the first notices should mildly reflect the character of a dun so the customer will unmistakably know that she is expected to pay a 30-day account in 30 days. Reference to attorneys, collection agencies, or legal action is entirely omitted from all intermediate dunning notices.

Collection effort, to be successful, must be carried on systematically and consistently. To further emphasize this point, I think each tray of accounts should be assigned a specific date in each month on which it is to be followed up. To make such a plan effective, a progress chart

should be maintained so the credit manager can see at a glance whether the collection department is operating on schedule.

At a determined point of delinquency, the intermediate dunnings have the accounts flashed for advanced dunning. This is brought about by placing a symbol beside the letter number, and the typist makes the change. The green flasher is replaced by a red one, and the application part of the two-card record is removed from the account file, and used as a follow-up card. In this way, it is possible to retain permanently the advanced dunning history of the account. The phraseology of the advanced duns is very important.

Included in this group of letters we have the heavy ammunition referring to attorneys and legal action. Red flashed accounts are followed-up twice a month, in accordance with a predetermined schedule. I find it a great aid in collection work to get the collection percentages by trays immediately the cycle is billed. It is a good practice to make a detailed examination of all accounts in the trays showing a collection percentage under a certain ratio. Throw-outs or error charges should be dealt with decisively. A special bill with

accompanying letter should be sent within a few days of the date of purchase. Subsequent letters should follow at intervals of not more than two weeks. If the bill is not paid or satisfactory arrangements made for settlement within 90 days, it should be referred to an attorney or collection agency. By incorporating an application for credit in the first or second notice, on these transactions, it is sometimes possible to get worthwhile new accounts.

In authorizing large amounts, it is advisable to note the date and amount in the margin of the ledger card, so the collection department can more readily identify what might be "load ups." While we are on the subject of large amounts, and in keeping with the theory that most of our charge customers are good credit managers in their own right, I think these large amounts should be OK'ed promptly on the regular accounts. To make a habit of calling these customers on the telephone for the purpose of suggesting some more convenient payment plan, or for reinsurance that you will be paid in 30 days, is not conducive to good customer relations. In most cases, the customer decided how she wanted to pay for the merchandise before selecting it and the telephone call

The ONE Book Every Collection Man Should Have

One New Idea Will Make or Save You Its Price Many Times Over!

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Procedure for the individual skip tracer.
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How, when and where to send registered letters.
Ten ways of locating skips by registered letters.
Analyzing returned registered letters.
How to find the job.
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HOW TO LOCATE SKIPS AND COLLECT

by

A. M. TANNRATH

Authority on Credits, Collections and Skip Tracing
The Only Book of Its Kind Ever Published

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REPEAT ORDERS from Collection Agencies and Chain Organizations PROVE Its Value!

These firms ordered copies for each of their offices or for each of their executives.

SECURITIES CREDIT CORP. of Denver, Colorado, ordered 14 copies.
MERCHANTS ACCEPTANCE CORP. of Worcester, Mass., has ordered 21 copies.

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merely causes her to suspect that you are doubting her integrity, or ability to manage her own affairs. It is much better to place these amounts on the regular accounts, and then make such telephone calls as may later prove necessary. In this way all customers are handled in a manner pleasing to them, and collections handled with satisfactory promptness.

We also have the question of closing accounts. Many times, a well-established, normally prompt payer suddenly finds herself owing a large balance that is 60 or 90-days past due, and cannot give definite assurance it will be paid in less than another three to six months. I do not think we should close accounts of this type, but would rather suggest to the customer that we convert the balance into a budget plan, keeping the regular account open to purchases. In most cases the customer will agree to confine her monthly purchases on the regular account to amounts she can pay in full each month, while at the same time making the monthly payments on the budget account. In this way, the past-due account is satisfied, and there is no interruption in the customer's patronage.

Notifying Customers

In certain instances, however, past-due accounts are closed, and the customer so notified. Whether or not the customer should be notified in such cases is a controversial matter among credit executives. I prefer notifying them the account is closed to further purchases until such time as they consult with the credit office and make satisfactory arrangements for its re-opening. When accounts are closed, customers should be instructed to return their identification tokens. If they do not do so, and continue to use it in making purchases, a Western Union messenger or an outside collector should be sent for it.

In addition to the application of a consistent dunning procedure, the telephone is used, and with good results. Calling husbands at home on Saturday, their day off, is a very fruitful effort. Then, all else failing, the accounts are finally turned over to an outside collector, collection agency, or attorney. The timing of this last action is important. Too often the error of thinking that if we cannot collect it, nobody can, is a costly one. I admire collection people who take pride in their work and get great satisfaction out of collecting a bad one, but it is smarter to recognize the need of outside help, and

get it. For example, it is much more profitable in the final analyses to pay 50 per cent in collection fees, than to charge 100 per cent of the balance to bad debts.

That, briefly, describes how a good job can be done in collecting charge accounts with a modern cycle billing installation. I know there are many approaches to the job, and I am sure that if we polled this audience here today, we would find as many different procedures in operation as we have stores represented, and all working successfully. There is no magic formula—persistent hard work is the only answer.

Collection Practices

I would like to mention a few words of caution in connection with the way we apply these collection practices. It should be remembered in sending collection letters that care must be taken not to violate post office regulations, or to commit the crime of libel, or make any threat of criminal action. At no time should a threatening message be sent on an open post card, which would be in violation of the mails. On a post card, if you demand payment of an account and state that if it is not paid at once, you will place it with a lawyer for collection, I am sure it is unmailable matter. However, if you merely state on a post card that the customer is to telephone you or call at your office, this is not a violation, as the language is not threatening or offensive to the person addressed, or such as to attract public notice. For example, I think a post card with the following message would be permissible. Dear Customer—Please telephone me Fa. 1-2600—or call at my office within the next few days. Signed—John Smith.

The simple rule to follow in sending out dunning letters in avoiding libel are:

1. Do not impute insolvency.
2. Fraud.

3. Do not write anything which, if read by a third party, would be prejudicial to another in the way of his employment or trade.

Generally speaking, dunning letters should always be written to the debtor and not to a third party, such as a neighbor or employer. Extreme care must be taken in writing a third party. When writing to an employer, the safest approach is to put the letter more in the nature of a reference, rather than come out and state that the employee is indebted to you for a past due bill. Of course, if we have an attorney compose these letters for us, he may couch his lan-

guage in such a way that it would not be libelous. There is also the possibility that a number of letters being written to a third party may constitute a nuisance, which could result in a court action.

A telephone call is one of the best methods of reaching a debtor because he is immediately put on the defensive. He can ignore letters, but will answer the telephone if he is not tipped off as to what the purpose of the call is. Many creditors are less careful in what they say over the telephone than what they write in letters for the reason that it would be difficult for the debtor to prove if slanderous words were spoken over the telephone, and, if the creditor threatens the debtor with criminal prosecution and the debtor sues the creditor, his difficulties in proving his case will be great, due to the absence of other witnesses than himself.

Personal Calls

A personal call made by an experienced outside collection man is the most likely method of collecting a debt without suit. The debtor, face to face with the representative of his creditor, is unable to dodge the issue, which gives the collector an opportunity to convince him to make arrangements of some sort, or simply refuse point blank to pay, in which case, the creditor realizes that legal process is now necessary. There is a certain psychological factor in a personal call which makes it of more value than any other kind of contact. However, the personal collector must stay within bounds so that he does not slander the debtor in the presence of others, and he should watch his every movement so an action of assault and battery may be averted, and the debtor may not have recourse against the firm for acts of the agent. For example the words "you are a thief" if spoken in the hearing of another would be slanderous.

The safe rule to follow in interviewing debtors in order to avoid the possibility of slander is (1) never impute the commission of a crime unless absolutely certain of your facts, and (2) never tell a debtor or say to anyone else concerning debtor that he is unfit for his employment or profession.

So, exercise a reasonable amount of caution in extending credit and follow up collections promptly and consistently. Do not make the mistake of holding delinquent or doubtful accounts too long, as indecision and procrastination results in bad debt losses. ★★★

Meeting the Challenge in Speaking Before a College Class

JOHN S. WRIGHT, Ph.D.

Associate Professor of Business Administration, Montana State University
Missoula, Montana

ANOTHER SCHOOL year is here, and it will not be long now until some morning you will pick up the phone only to hear the familiar request, "Will you speak on credit to my class next Friday?" The course may be in one of many fields—marketing, retailing, home management, economics, or credit and credit administration, for the credit function touches many areas studied in American colleges and universities today.

Before you reject the appeal seriously consider the challenge to be found in making such a talk. There are few business pursuits that are so misunderstood as the processes labeled "credit." Everyone working in the field should accept every opportunity to explain the important role that credit plays in the economic life of the United States. Of all groups in the country the college students of today offer the promising hope for understanding in the future, for they are to be our leaders in the years to come.

The purpose of this article is to furnish a few guideposts in order that some of your hesitation may be removed. Here are eight hints for your consideration:

1. *Adopt an attitude of opportunity rather than duty.* The first thought crossing your mind when the invitation is extended is that some professor is seeking an easy day in class. Nothing could be more wrong, for the work required to prepare a lecture is small compared with the time and energy expended in locating the *right* speaker for his class. The teacher's objective is to make his course more meaningful to his students. He feels that the practical man engaged in credit can add something to their understanding which he cannot give them as satisfactorily. He is offering you one of his all-too-few hours of personal contact with the class. While this may be a sobering thought, it should provide the proper mental set for any prospective speaker.

The college years, if wisely used, are a time for truth-seeking. Old wives' tales and rumor are put to the test; attitudes and beliefs are formed. Your speaking engagement may be instrumental in the establishment of "right thinking" about

credit. A challenge fraught with opportunity has been presented to you. Accept it willingly, not grudgingly.

2. *Get a clear picture of the environment you are entering.* Often a talk before a college class flops because the speaker and the teacher never have established clearly the purpose of the talk. Be sure to inquire about the following things: nature of the course—just what is it all about; level of students—freshmen, sophomores, juniors, seniors, or graduate students; how your talk is to be integrated into the course—what has preceded it, what background do the students have, etc. Ask questions freely. You will find the professor will answer them willingly. Once you have a clear picture, structure your talk to fit the environment.

3. *Be fully prepared but do not lecture.* No group is more critical than college students, for their job is to look at things with skepticism. Someone who is using up their time without purpose is frowned upon, and an unprepared talk will soon be spotted. However, the other extreme, the formal lecture, is just as undesirable. For one thing, the whole trend in college teaching is away from the lecture system where the notes of the professor enter the notebook of the student without passing through the mind of either of them. Instead, informality rules with the interchange of ideas the goal. Furthermore, the technique of the lecture is a specialized one and should be left to the specialist. Remain informal. Use guide-notes to insure covering logically the points you wish to make. Student response will be forthcoming.

4. *Stick to the subject.* In your discussion with the instructor be sure to find out the phase of credit and its administration that he wishes you to handle. Credit and its ramifications is quite a field to handle in a 50 minute period! All you can hope to cover is a minute part of the whole picture. The professor will be building his course in a manner which is logical to him; your talk will be a brick in the edifice. If you treat a subject already covered, the listeners will be bored; if you anticipate, the proper foundation will not

have been laid. So stick to the subject assigned to you.

5. *Do not patronize.* One of the most difficult tasks for those of us who belong to the "older" generation is to refrain from the patronization of the younger generation. We know the mistakes we have made and wish to help the youngsters avoid them. As a credit executive you have a number of admonitions about the use of credit and the importance of maintaining a good credit standing which you can give the class. All this is to the good, but caution must be exercised or your advice-giving may become sermonizing.

Watch for the "you will find in real life" tone in your talk. This point is particularly significant because a surprisingly large number of today's college students are mature beyond their years and are already acting as responsible citizens. Many are married; most of those married have children; and nearly all students have jobs. By and large, they have already had some good and bad credit experiences.

6. *Cite examples from your practical experience.* Probably the outstanding contribution that an outside speaker can make to a college class is in the area of practical application of some of the theoretical principles being studied. It can be assumed that the theory of credit has been explored under the direction of the instructor. Any attempt to supplement would be repetitious. On the other hand, your personal experiences will make interesting listening, and though it may surprise you, they will bear out the truth of the theoretical principles being learned. A few examples indicating that you are also capable of committing errors makes the successes cited seem more believable.

7. *Leave time for questions and answer them frankly.* Many times the question period following the talk is the most stimulating part of the session for speaker and student alike. Your talk will have brought forth interesting ideas about which more information may be wished. Some of the questions will be difficult to handle. This condition should not trouble you, for it is an indication of the degree of interest you

Credit Responsibilities of Armed Forces Personnel

MAJOR C. J. THELEN, United States Air Force

THE MILITARY personnel who come into your establishments seeking credit are for the most part youngsters ranging in age from 17 to 20 years and who have a tendency to "go wild," so to speak. I believe your credit problems with servicemen pertain mostly to this young age group.

Regulation 35-29 of the Air Force deals with credit responsibilities of Air Force personnel, and quoting from this Regulation: "Air Force personnel are expected to pay promptly their legal obligations. The Air Force has no authority to collect for unpaid debts but rather it is to act in an advisory manner and to counsel its personnel to accept obligations and to take some action to effect payment of an unpaid debt. Commanders are obligated to see that the personnel are informed of their obligations so that no action taken will reflect unfavorably on the Air Force. If an individual fails to meet his obligations without just cause the immediate Commander will determine if sufficient cause exists to merit disciplinary action."

When an outstanding debt is built up with you by a serviceman the man's Commander is usually the last person to know about it. And by the time he finds out about it the man is usually in debt to several business establishments who have granted him credit. At this point the first thing a Commander does is to counsel with the man and try to help him make arrangements to satisfy his debtors. The other alternative is to initial court martial action against him, but in that case it usually means the man becomes less able to

pay his debts. If he is reduced in grade his ability to pay is reduced and if he is discharged under other than honorable conditions from the service he will probably go through a long period of unemployment or leave the immediate vicinity where his debts are outstanding so that he will not be able to pay.

To reaffirm my opinion that the majority of your credit problems are with the younger age group of military personnel, the lowest ranking enlisted man (Airman Basic-E1) after 4 months service draws \$83.20 a month. That, of course, does not include allowances if he is eligible for them. Normally an Airman Basic is a single man living on base so that he receives no allowances. The government pays for his food, clothing, and lodging. If he lives off base, he draws \$30.00 additional. The salary of an Airman 2/C and Airman 3/C ranges from \$85.00 to \$100.00 per month. You can determine then that when a man with one, two, or three stripes comes in to obtain credit from you that his salary will range from \$80.00 to \$135.00 a month depending whether he lives on or off base. If he is married and drawing this type of salary you can easily conclude that he will not be a good credit risk. As men progress in rank they progress in salary, of course. A Tech/Sgt. or M/Sgt. with 6 to 10 years service draws from \$215.00 to \$255.00 a month. They can afford more of the luxuries of life and are for the most part better credit risks. I do not believe that Staff/Sgts., M/Sgts., and Tech/Sgts. are a worry to you in the granting of credit.

As a man increases in rank and

age their special allowances are also increased. A S/Sgt. with one dependent will receive \$77.10, with two dependents \$96.90 a month, plus the \$30.00 ration allowance. Any man in the low bracket scale, up to a Staff/Sgt., would not be able to incur debts exceeding \$25.00 or \$30.00 a month without extreme hardship.

Here is what you can do to effect payment of your debts. In taking the credit application, obtain the man's full name, serial number, rank, organization and base of assignment. Obtain the home address as well as the military base address so you can follow through. Then as soon as you notice that the man is getting behind with his payments, or if for any reason you feel credit has been over-extended to him, call his Unit Commander. At this time the Commander will call the man in to counsel with him and try to help him straighten out the situation. Or you may prefer to do this by writing a letter to the Unit Commander. If no results are forthcoming, call or write to the Base Commander. When the Base Commander is informed, your matter will be handed on down to the man's Squadron Commander and action is immediately started. A Base Commander usually gets the desired action as far as credit is concerned. If that does fail, however, you can write to the Adjutant General, Headquarters, United States Air Force and I am sure you will get a response.

As I said before, usually a man's Commander is the last person who finds out about unpaid debts. The men normally will not discuss per-

have aroused. Students expect frank and honest answers, but they understand a reply stating that a confidential area has been reached.

A good rule of thumb calls for 20 to 30 minutes of the typical 50-minute period devoted to talking and the remainder reserved for the question period.

8. Offer a field trip to your business establishment. One of the nicest gestures that can be made by the businessman-speaker is to invite his listeners to visit the scene of his operations. A picture is worth a thousand words, as the Chinese proverb states, and viewing the operations of a credit department will augment

any explanations made of its machinery.

Such an invitation may be extended to the entire class or to members of the class as individuals. Of course, before such an invitation can be extended, plans must be made for carrying out the proposal should it be accepted. Such a trip is an excellent public relations activity for any business firm.

After all these "do's" and "don'ts" the credit executive might well ask himself, "Is it worth all the effort?" An affirmative answer is in order. Not only will you do your share in helping carry out the educational process, an enviable objective in it-

self, but you will be contributing to the welfare of your chosen profession. A group of potential thought-leaders will have a better understanding of the importance of credit and how it operates to benefit society. In a small way, some future credit headaches will have been forestalled, as many of these young men and women will someday be your customers. Lastly, your remarks may inspire one or two members of the class to examine the credit field as a life vocation.

So, when the professor calls you, accept the challenge. A rewarding and interesting experience awaits you! ★★★

sonal matters until called on by their Commander. The Commander acts in the same capacity as the man's parents. It is his responsibility to see that the man's character is molded to make an honest citizen out of him. Normally the Commander's first knowledge of the unpaid debts is through your contacts, either by telephone or a letter. The Air Force does not want to imply the feeling that their personnel are bad credit risks. That is why we want the chance to counsel the men and to assure you that most of the men will pay their debts. However, they cannot be commanded to pay their debts. I also suggest that you call the man's Commander at the time you are determining his ability to pay and to ask his recommendation as to whether he is a good credit risk. Most Commanders know their men pretty well and know which are good and which are poor credit risks. If a Commander has had calls from several companies about outstanding debts then he certainly would not advise you to grant more credit to the man. This will also let the Commander know before the man gets involved in more debts.

Questions and Answers

(Q) How many Air Force Commanders adopt the same understanding of public relations as you indicate you do?

(A) The Commanders in most units are Captains or above and most of them have had quite a lot of experience in the service before they acquire a number of men to command. There may be cases where you will or have been given the "Brush off," but I do not believe you will find this prevalent. Com-

manders are indoctrinated as to their responsibilities to you and to their men. I believe that 99 per cent of the time you will get good results from the Commanders.

(Q) What control does the Commander have over the higher paid men, or officers?

(A) The control of officers is much higher. In other words, you would get action much faster. If you have a Captain who is in debt to you and you call the Base Commander, unless it is a matter of tracking down the man as a result of being transferred, you should get prompt action.

(Q) What procedure do you recommend in locating a man in the service?

(A) If a man transfers, write to the Commander of his unit. He can tell you where the man was transferred to. If the man has gone overseas, he can give you his Unit of assignment and the APO number. Then you can write to the Commander of the man's Unit to obtain his assistance concerning the indebtedness.

(Q) What about a man who incurs these debts before going into the service, which, of course, places him in a lower pay scale?

(A) If he is new in the service he will be in the lower pay scale bracket. Your action may result in him being released from the service with an other than honorable discharge which puts him in a bad light and will make it difficult for him to get a good job. The chance of getting your money is less than if you would try to reduce the amount of his payments to you each month so he can pay while he remains in good

standing in the service.

(Q) How fast do men advance in the low pay scale bracket?

(A) During the first four years the average advancement is between an Airman 1/C and Staff/Sgt.

(Q) How does all of this tie in with the Soldiers' and Sailors' Relief Act?

(A) A man is protected by this Act in that an individual cannot be sued or have his property taken away from him without being represented. This applies to divorce also. Counsel is still given the man and he is still required to satisfy his debtors. His pay, however, cannot be attached nor can he be required to pay a certain amount each month toward the indebtedness.

(Q) If a serviceman's wife makes bills while he is overseas is the man responsible for her debts?

(A) Yes, he is responsible for his dependents' debts. Counsel will be given the man on these matters the same as if he himself made the debt.

(Q) Suppose in contacting the Commanders we find one who is unsympathetic or uninterested in our cause, what do you suggest here?

(A) If I were in your position and came across a Commander who offered no assistance in the matter so that the debt remained unpaid, I would try to meet and talk to him personally so that he would be more aware of the problem. If this was to no avail, then I would contact the Base Commander. The Base Commander would very likely direct the Unit or Squadron Commander to give proper attention to the matter and see that the individual in debt was properly counseled. ★★★

Letters to the Editor

"We have recently received several copies of the June CREDIT WORLD and we are very much flattered at the wonderful coverage you have given to our Norfolk area in this issue. We do not know how you could have done a better job in reflecting our community and we are indeed indebted to you for this attention in your publication."—Donald W. Shriver, Executive Manager, Norfolk Chamber of Commerce, Norfolk, Virginia.

"I want you to know how pleased I was with the June CREDIT WORLD. I thought your cover was outstanding and that the many articles throughout the issue on Norfolk were certainly well prepared. As president of the Norfolk Retail Merchants Association I wish to commend you for this wonderful publication and thank you for dedicating so much space to Norfolk and Virginia."—R. F. Weldon, Norfolk, Virginia.

"I wish to congratulate you upon the recommendations contained in your article 'Manager of Credit Sales—Or Are You?' in the June CREDIT WORLD. Some time ago, I transferred my title as Credit Manager to Vincent W. McConn

and since then I have been signing my mail as Credit Sales Department. I think it is a better idea to carry both titles in the Credit Department and I also feel that people to whom you write prefer both titles, because I notice that their replies are addressed in the manner in which the letter is signed."—A. S. Jacobs, Popular Dry Goods Company, El Paso, Texas.

"I received with much pleasure the Life Membership certificate of the N.R.C.A. presented to me by Bob Wylie. I accepted it with thanks and it now hangs, suitably framed, in my office."—Arthur F. Henning, Retailers Credit Association of Sacramento, Sacramento, California.

"We are glad to hear that you have been receiving many complimentary letters regarding your recent conference here at the Fontainebleau. We really appreciate hearing such things. It was my privilege to be of service to such a fine group of individuals that compose your staff and delegates. We look forward to having you back with us again."—Allan L. Nolte, Convention-Banquet Manager, Hotel Fontainebleau, Miami Beach, California.

Wanted: A Reducing Diet For Business Letters

So you're looking for ways to cut costs? Then open a frontal attack on your wordy and woozy correspondence. Here a letter expert tells specifically how to go about it.

Reprinted by special permission of SALES MANAGEMENT, December 7, 1956.

MONA SHEPPARD is something of a crusader, a dedicated soul who has long been engaged in a campaign to cut the waste out of business letter writing.

Her creed: Communication can be radically improved—and costs sharply reduced—through fewer letters, shorter letters, simpler letters.

Now vice-president of Leahy and Co., New York management consultants, Miss Sheppard became a correspondence specialist by way of 20 years of service with the U. S. Government. To her goes credit for the marked improvement in Government communications, a larger proportion of which are now relatively free from the gobbledygook that formerly irritated those who had to decipher them.

Sheppard Program

The taxpayer is the beneficiary of the Sheppard program. One of her typical projects: a program through which the Baltimore office of the Internal Revenue Service reduced its backlog of 50,000 unanswered letters to 3,000, and its average cost per letter from 81 cents to 38 cents. At the same time, daily production per typist rose from 55 to 120 letters. Annual savings: \$157,000—and 500,000 carbon copies.

"Plain Letters," a handbook Miss Sheppard wrote while employed by Uncle Sam, explaining her letter-writing philosophy, has long been on the Government Printing Office's best-seller list. (Cost: 30 cents.)

Says Miss Sheppard:

"Crusaders for better business letters can hold their fire on 'beg to remain,' 'yours and oblige,' and similar clichés. These mannerisms are vanishing from the American business letter.

"To be sure, many an old favorite—'reference is made' and 'review of our records,' for instance—is still with us. But let's stop sniping at the cliché. Stuffy though it is, it is not the big enemy. That foe is too many words, too big words, and too meaningless words—clichés included!"

From reading several hundred thousand letters during the past year—letters in countless offices in every line of business—Miss Sheppard has three suggestions for achieving improvement in our use of words:

1. Give your customer credit for common sense. You do, of course. But he might not think so when he reads a letter filled with details he can supply for himself.

2. Be friendly and natural, but get to the point. And don't take too seriously the advice to write as you

talk. You may find yourself rambling. Common, everyday words are the best ingredients for letters, but plain speech must be harnessed when it is put in writing.

3. Ask your Girl Friday to bone up on some simple rules of editing. If she will—and if you will let her—she can economize on words in dozens of ways. For example:

Unedited: Enclosed is our check in your favor in the amount of \$250 covering the balance due you.

Edited: Enclosed is our check for \$250, the balance due you.

And here, in her words, are seven other tips for streamlining company correspondence:

1. **Get to the point immediately.** An estimated 5 per cent of the cost of letters goes into opening paragraphs restating the subject of the letter being answered. You save money and time by coming directly to the point. Say simply, "Here is the circular you requested," or "Our salesman, Mr. William Burns, will call at your office on Thursday, November 6," without a preamble reminding the addressee that he wrote a letter asking a question or requesting that something be sent to him.

If an explanation is necessary, as it often is, place it **after** the nub-of-the-letter first paragraph. For example, if your salesman will call on a day different from the one specified by the correspondent, or if the circular you are sending is not the one he requested, tell why—but in the second paragraph.

2. **Cut down on carbons.** If it is your firm's practice to make multiple carbon copies, investigate this, with the aim of reducing the number. In many instances carbons can be eliminated. A code symbol or a penciled notation on the letter being answered may be all that is needed for future reference.

3. **Make it easy to reply.** Suggest that the recipient jot down his answer on the letter you send him, and return it to you. This saves time and labor—and filing space. This

Department Store Credit for June

INSTALMENT ACCOUNTS outstanding at department stores at the end of June were down slightly from the level of the preceding month. Compared with a year ago, however, amounts outstanding were up 7 per cent. The ratio of instalment collections to first-of-month balances was 14 per cent, 1 point less than both a month ago and a year ago. Charge accounts receivable also declined from May to June, when some decrease is usual, but continued 2 per cent above the corresponding month last year. Collections on charge accounts amounted to 46 per cent of balances outstanding on the first of the month, the same ratio as was reported in the preceding month and in June last year. At reporting department stores, both cash and credit sales declined moderately from May to June. Cash and charge-account sales were also less than in the same month of 1956; instalment sales, however, were up 1 per cent.—Federal Reserve Board.

practice is especially recommended for interoffice communications.

4. Don't write a single letter on several unrelated subjects to a large company. It's better to write several short letters. The multisubject letter stands a chance of being buried somewhere along the line. But if your firm gets many such letters, it might be wise to devise a plan for handling them. One method: Circulate the letter to each department concerned, requesting a draft of a paragraph (or paragraphs) to be included in the reply. Last department on the list incorporates the drafts into the finished reply letter. Reason for this procedure: a person becomes irritated if he receives only a partial answer to his letter, fears he may never get a complete one—and sometimes he doesn't.

5. Use forms rather than letters, if they will serve the purpose. Have professionals write them, and be sure they are cleverly expressed. But don't try to have printed letters masquerade as individually dictated letters.

6. Use guide (patterned) letters to cover frequently recurring situations. Let us say, for example, that your company is receiving requests for multiple copies of a booklet you are using for sales promotion, but that it is too expensive to distribute in quantity. You can draft a tactful letter explaining this, and saying you are sending one copy with the firm's compliments. A typist can use the draft as a guide for handling similar requests, personalizing it with names and pronouns.

7. Use the 4-S formula:

Shortness. Avoid repetition, needless words, roundabout phrases ("in reference to," etc.). Instead of "make use of," say "use." Instead of "take action," say "act."

Simplicity. Use short words, short sentences, short paragraphs. Be compact. Don't separate closely related parts of sentences.

Strength. Use specific, concrete words, and active verbs. Don't hedge. Avoid expressions such as "it appears."

Sincerity. Be human. Use words that stand for human beings, like the names of persons and personal pronouns . . . Admit mistakes (don't hide them behind meaningless words) . . . Avoid intensives and emphatics . . . Don't be obsequious or arrogant. ★★★

Too Many Words: The Most Glaring Fault in Business Letter Writing

Dear Mr.:

This will acknowledge receipt of your letter of September 1 in which you informed us that your address was changed from 3000 Park Lane, Centerville, New York, to the address above.

As your letter was addressed to the Atom Age Company, New York City, it was delivered to our main office. However, we have been unable to locate any record of an account in your name at this office. In fact, our Central Files reported no record of your name in any of our New York City branches.

We are therefore returning your letter with the request that you address it to the office where your account is maintained so that your address may be changed in accordance with your wishes.

(First paragraph of original letter: details the customer can supply for himself. Second paragraph: office routine, of no interest to the customer. Total: 119 words. Revised version is friendly, natural, uses only 56 words.)

Dear Mr.:

Reference is made to our notice of May 10 of an outstanding shortage on your account in the amount of \$250 when this account is, in fact, in good standing.

It will be appreciated that the large volume of accounts handled by this office render it virtually impossible to completely eliminate small errors particularly those that originate because of a similarity of names like Smith. However, you are assured that every effort is being made and will continue to be made in this office to give subscribers the best possible service and prevent the occurrence of such inadvertencies.

Any inconvenience you have been occasioned by reason of notice of May 10 is sincerely regretted.

(Original letter is wordy and unnatural, uses 114 words. Rewrite is much warmer in tone. Stripped of its clichés and pared down, it does a more effective job in 70 words.)

Dear Mr.:

We believe you intended the enclosed letter for one of our out-of-town branches, because we have no account in your name in New York City.

Will you forward it, please? We should be happy to do so, but we do not know in which of our many branches you have an account.

Thank you.

Dear Mr.:

We made a mistake in notifying you on May 10 that your account is overdue \$250. Our notice must have been confusing to you because you have always been prompt with your payments. The fact is, your account is in good standing with no payment due until July 1, 1956.

Why this should happen to a good customer like you, it is difficult to understand . . . and all we can say is "excuse it, please!"

CREDIT FLASHES

FOSTER R. CLOSE RETIRES

Foster R. Close, a member of the staff of Wm. Taylor Son & Company, Cleveland, Ohio for 31 years, and their Credit Manager since 1940, retired July 1, 1957. Mr. Close has served as trustee of the Credit Bureau of Cleveland since December 1940 and as its president for two terms in 1947 and 1948. He served as a director of the National Retail Credit Association in 1951-1954 and now becomes an honorary life member. His many local and national credit friends wish him years of future happiness and good health.

Recent Debt Adjustment Legislation

Here are some recent developments in the legislative aspects of debt adjustment or credit counseling:

California recently enacted a bill which is now law, regulating the field of pro-rating and setting fees and standards of qualification. Illinois also adopted a bill, recently signed by Governor Stratton, which is similar to the California legislation. The State of Ohio refused to restrict this field to attorneys and allowed the local political subdivisions to set their own standard of qualifications. Cincinnati already has a licensing law which is similar to the California bill, and we feel that other Ohio cities will follow suit.

Since Wisconsin and Minnesota already have licensing laws, this makes five major states who have recognized the necessity of our type of business and have seen fit to protect the public interest. Added to this is the fact that our small association was able to defeat abolition bills in numerous other states, such as Maryland, New Jersey, Colorado, Indiana, and the District of Columbia. In some instances we were able to receive magnificent help from the Legal Aid Societies, but rarely, if ever, from the Better Business Bureau.

The states which passed regulatory laws and which refused to abolish our field are far more important in appraising our field than non-industrial states like Maine and Wyoming. It appears that many states will end up with regulatory provisions.—Charles V. Neal, Jr., *Executive Secretary*, American Association of Credit Counselors, Des Moines, Iowa.

Southern Consumer Credit Clinic

The ninth annual Southern Consumer Credit Clinic will be held at Hotel Charlotte, Charlotte, North Carolina, Tuesday and Wednesday, September 24-25, 1957. The sponsors are the Retail Credit Association of Charlotte and the Charlotte Merchants Association. The maximum attendance is 450 so if you are interested in attending reservations should be made now. The registration fee is \$10.00 and reservations should be sent to Southern Consumer Credit Clinic, P.O. Box 1599, Charlotte, North Carolina. L. S. Crowder, General Manager-Treasurer, National Retail Credit Association, will be the speaker at the luncheon meeting Wednesday, September 25, 1957.

Wanted to Buy

Credit Bureau with Collection Department. Will also consider purchasing half interest in going organization. Prefer Southern California. Box 9571, The CREDIT WORLD.

Committee Appointments

The following committee appointments have been made by President Taylor for 1957-1958:

Finance

Chairman, Joseph A. White, The Fair, Chicago, Illinois.

Hugh L. Reagan, The Cain-Sloan Company, Nashville, Tennessee.

Earl E. Paddon, Lammert Furniture Company, St. Louis, Missouri.

Charles D. Reno, Scruggs-Vandervoort-Barney, St. Louis, Missouri.

Legislative

Chairman, Clarence E. Wolfinger, Lit Brothers, Philadelphia, Pennsylvania.

John K. Althaus, Associated Retail Credit Men, Washington, D. C.

R. L. Bruchey, The Hecht Company, Baltimore, Maryland.

Earle A. Nirmaier, W. Wilderotter & Company, Newark, New Jersey.

C. F. Roycroft, Credit Bureau of Baltimore, Baltimore, Maryland.

R. M. Severa, Credit Bureau of Greater New York, New York, New York.

J. P. Stedehouder, Central Charge Services, Washington, D. C.

Educational

General Chairman, David K. Blair, H. Liebes & Company, San Francisco, California.

Chairman, Consumer Education, Edward L. Schreiber, Schreiber-Miller Furniture Company, Galveston, Texas.

Chairman, Credit Granter Education, John A. Broom, Jr., Cate-McLaurin Company, Columbia, South Carolina.

Membership

Chairman, J. C. Gilliland, Pullman Trust and Savings Bank, Chicago, Illinois.

Research

Chairman, J. C. Gilliland, Pullman Trust and Savings Bank, Chicago, Illinois.

CREDIT WORLD

Chairman, Earle A. Nirmaier, W. Wilderotter & Company, Newark, New Jersey.

Award for J. Anton Hagios

J. Anton Hagios, Executive Manager, Newark Retail Trade Board, Newark, New Jersey, received the 1957 outstanding citizen award for Newark in the field of public relations. He was recommended for his dedicated work towards modern, safe and adequate highways. He was formerly manager of the Credit Management Division, National Retail Dry Goods Association. Mr. Hagios was the first manager of the Credit Management Division and has been associated with the Newark Retail Trade Board since 1944.

Sterling S. Speake Credit Schools

The following cities have been included on the Fall schedule for the course in retail credit conducted by Sterling S. Speake, Retail Credit Specialist of the National Retail Credit Association:

Boston, Massachusetts
Pittsfield, Massachusetts
Worcester, Massachusetts
Keene, New Hampshire
Amsterdam, New York
Allentown, Pennsylvania
Atlantic City, New Jersey
Baltimore, Maryland
Frederick, Maryland
Fredericksburg, Virginia
Richmond, Virginia
Petersburg, Virginia
Lynchburg, Virginia
Bristol, Virginia
Danville, Virginia
Corpus Christi, Texas

Each credit school is set up on a three night basis from 7:00 to 10:00 p.m., and covers all phases of consumer credit granting. Each enrollee receives a copy of the text and reference book by Dr. Clyde W. Phelps *Retail Credit Fundamentals*. A certificate is awarded by the N.R.C.A. to all students who pass the final examination. The cost is only \$10.00 per person and a minimum of 50 people is the only requirement.

Plans are now developing for schools to be conducted during January and February 1958 in the Southeastern part of the United States. During March 1958 schools are being planned in the Midwest area. During April, May, June and July 1958, Mr. Speake will conduct schools on the West Coast and the Pacific Northwest. If your city is interested in having Mr. Speake conduct a school, please write the National Office, 375 Jackson Avenue, St. Louis 5, Missouri.

St. Louis Credit Women Sponsor Class

The Credit Women's Breakfast Club of St. Louis, St. Louis, Missouri, sponsored a credit class based on the text and reference book published by the National Retail Credit Association, *Retail Credit Sales Procedures and Letters*. A. J. Kruse, Secretary-Emeritus, Associated Retail Credit Men of St. Louis, was the instructor assisted by 14 St. Louis credit executives serving as panel members, along with the officers of the local association. The class ran for ten weeks and each class was devoted to one chapter in the book. At the first meeting the N.R.C.S.'s film "Good Things of Life on Credit," was shown which enabled the instructor to enrich the discussion on practical experience emphasizing the procedure as outlined in the book. The classes were held in the auditorium of Sears, Roebuck and Company with an enrollment of 69 credit executives and assistants. The two hour class each evening could have easily been lengthened by another hour as often long after the class was dismissed groups continued in earnest discussion with the lectures. Virginia Nagel, Sears, Roebuck and Company, President of the Credit Women's Breakfast Club of St. Louis, their Vice President, Elva Stevens, Angelica Uniform Company, together with their program chairman, Madeline Crane, Grimm and Gorly Florists, did an excellent job of enrolling a record size class.



The Changing Competitive Position of Department Stores in the United States by Merchandise Lines (University of Pittsburgh Press, 3309 Cathedral of Learning, Pittsburgh 13, Pennsylvania, 236 pages, \$5.95). This study analyzes sales of individual merchandise lines in department stores in relation to total national sales of the same lines for a 25 year period from 1929 to 1954. By bringing into focus areas for expansion or corrective action, these line by line comparisons furnish management with specific guides as to the most productive type of operation warranted for any selling department. In this connection, an entirely new concept for the department store market and its measurement has been contributed. Basic approach used was the development of data that measured the annual dollar sales for each of 44 merchandise lines covering some 108 product classifications. The author of this book is Robert D. Entenberg, Ph.D., Associate Professor of Retailing, University of Pittsburgh.



Bankers A-Way to Pleasure Boat Financing (W. S. Graulich, P. O. Box 975, East Camden Station, Camden 5, New Jersey, 172 pages, size 8½" by 11", \$5.00). Pleasure boat financing is big business and offers excellent opportunities for additional profit in your Instalment Loan Department. Many banks are today being approached by dealers and customers to finance the purchase of pleasure boats and some have hesitated because it is an unfamiliar field. In this book the author calls attention to the rapid growth of the pleasure boating industry in recent years and endeavors to point out the possibility of a profitable new business field for instalment bankers. It discusses the credit aspect of direct and indirect financing with descriptions of basic marine finance plans, both retail and wholesale. In addition, space is devoted to Federal and State laws and regulations, marine insurance, boat construction and the cost of ownership. The work contains a complete appendix illustrating all required forms.



Montgomery's Auditing (The Ronald Press Company, 15 East 26th Street, New York 10, New York, Eighth Edition, 766 pages, \$10.00). Through seven previous editions, covering almost half a century, Montgomery's Auditing has represented the ultimate authority of the American accounting profession. This edition continues to be invaluable in presenting sound accounting principles and auditing procedures based not only on accumulated experience with all kinds of business concerns but on a distinctive ability to reflect and explain clearly the practical impact of changes in law, trade customs, economic and financial conditions and the recommendations of professional societies. The authors of this edition are Norman J. Lenhart and Philip L. Defliese, partners in the national accounting firm of Lybrand, Ross Brothers and Montgomery. Mr. Lenhart is a certified public accountant in nine states. He is a member of several accounting societies and was a co-author of the seventh edition. Mr. Defliese has been the director of staff training for the firm for the past ten years. He is a recognized authority in his field.

CREDIT DEPARTMENT

Letters

LEONARD BERRY

TODAY'S successful Manager of Credit Sales is truly sales-minded. He is vitally concerned with sales and he considers his prime responsibility that of increasing the firm's profitable sales through the power of credit. He is a member of his firm's sales team.

This means devoting a considerable part of his time to credit sales promotion. As much as one-third of his time should be budgeted for that purpose. He should be provided with a fund based on a percentage of total credit sales to be spent exclusively on credit sales promotion thus enabling him to do a good job. He should be given the complete backing of top management in all his credit sales promotion programs.

It is likely that the volume of consumer credit will show a steady rise and, as the Gross National Product increases, this rise is completely justified, indeed, essential to maintain the velocity of our Credit Economy. Increasing population; trend to family life; greatly increased productivity; higher real earning power; greater leisure; steadily rising standards of living, and an infinite number of new products . . . all mean that we should raise our sights in credit selling. To meet the challenge of the future we must remove any outworn notions about retail credit. Instead of thinking that we have reached the limit in credit sales, let us set new higher goals. We must harness imaginative and creative salesmanship to generous and practical credit plans. The result cannot help but be *more of the good things of life for more people—sooner and cheaper.*

After attending our 43rd International Consumer Credit Conference and then teaching at two university institutes immediately following, I am more than ever impressed with the need for developing real credit sales executives. We have the opportunity to make the retail credit profession one of the most influential and beneficial parts of our business activity.

Even seasoned retail credit executives should attend "refresher" courses. What was considered up-to-date a decade ago is now outmoded. We truly live in "changing times." The pace is swift . . . we cannot afford to take the attitude that we know all the answers. Willingness to learn is the mark of the man or woman who is going places. It is essential that we attend conferences, schools, institutes, do considerable reading . . . and above all, to keep open minds, receptive minds, "learning" minds.

The day of the "accidental" credit manager has gone. Now, we need highly trained persons to control successfully this ever-increasing credit economy. As in every other field, competition is a factor in retail credit sales management. There are many hands reaching out for the consumer's dollar. To get the maximum of profitable credit sales, our modern manager of credit sales must be alert to all possibilities, mindful of the needs of his customers, seeking ever to find ways of accomplishing necessary office routine more efficiently and at less expense.

One of the lecturers at a recent credit school made this startling statement "The best way of doing anything has not yet been found." This is so true. We must be constantly searching for better methods, improved ways of handling customers, more effective business letters, new credit sales promotion ideas. We can only do this by being willing to learn, by reading thoroughly *The CREDIT WORLD* and trade magazines, and by sharing ideas with others in our field.

Right now, plans should be completed for a vigorous drive for new credit business in the Fall and Winter seasons. Your business needs additional profitable sales. The total economy of our nation needs sharply increased consumer demand for goods. You, retail credit sales executives, hold one key to the maintenance of our standards of living. Use that key to open doors to increased prosperity for all.

This Month's Illustrations



Illustration No. 1. Cash customers are usually good prospects for credit accounts. Here is a credit sales promotion letter used by Philipsborn, Washington, D. C. It is good technique to use a postscript to highlight a particularly strong selling point.

Illustrations No. 2 and 3. These are collection notices used by Joseph Frank and Son, Nashville, Tennessee. We are assured by L. L. Wright, Credit Manager, that the use of N.R.C.A.'s emblem on the notices gives them added force. The idea of indicating to the debtor the exact months in which the past-due purchases were made, is a powerful reminder to the customer that time is passing rapidly and that something must be done about the bill.

Illustration No. 4. Here is a fold-over credit sales mailing piece used by Saks Fifth Avenue, New York, N. Y. On the outside, not shown, is a short message, in script, saying that this is a special invitation from Saks Fifth Avenue. The simulated handwriting of the Executive Vice President of the firm gives importance to this distinguished mailing piece.

Illustration No. 5. Another credit sales promotion folder, this one from Donenfeld's, Dayton, Ohio. Here are set forth the three convenient ways of buying at Donenfeld's. Included in the folder is an application for credit blank to be completed and mailed to the store.

Members are cordially invited to send to us samples of their successful credit department letters and forms for possible reproduction on this page. We hear from many members that these illustrations provide them with helpful ideas when the time comes to develop a new form or to rewrite an old one. Those letters and forms not reproduced in *The CREDIT WORLD* are added to our "Letters Exhibit" books which are on display at annual international consumer credit conferences and at district meetings.



Announcing

President's Second Annual Membership Drive

September 15, 1957 — October 31, 1957

AT THE ANNUAL meeting of the Board of Directors at Miami Beach, it was decided that the Second President's Membership Drive would be held September 15 to October 31, 1957. It was felt that the dates selected would not interfere with the final membership drive in the last 60 days of the fiscal year. Prizes will be awarded to participants in this special campaign on the following basis:

Individuals

There will be a first, a second, and a third prize available to individuals living in cities or towns with population up to 50,000; a first, a second, and a third prize to individuals living in cities up to 100,000 population; three prizes to individuals living in cities up to 250,000 population; and three prizes to individuals living in cities with population over 250,000.

In each population category the awards will be as follows:

\$50.00 cash to individual enrolling greatest number of new members in the National Retail Credit Association during the period between September 15 and October 31, 1957.

A General Electric clock radio, valued at \$30.00, will be awarded to the individual enrolling the second largest number of new members during the drive.

An attractive desk-type weather guide, valued at \$25.00, will be awarded to the individual enrolling the third largest number of new members during the drive.

Local N.R.C.A. Units or Credit Bureaus with 100 Per Cent N.R.C.A. Membership

In each of the foregoing population categories the local unit or 100 per cent credit bureau reporting the largest enrollment of new N.R.C.A. members will receive a beautiful bronze and walnut plaque reciting their accomplishment.

These plaques become the permanent property of the winners.

National Winners

To the local unit or 100 per cent credit bureau reporting the largest number of new N.R.C.A. members enrolled during the campaign period, a beautiful silver plaque will be awarded.

To the N.R.C.A. District reporting the largest number of new N.R.C.A. members during the campaign period, a beautiful silver plaque will be awarded.

These two silver plaques, suitably inscribed, will be retained by the winners until the winners of the following year's drive are determined. They will then pass to the new winners. The local and District Association winners for three years will retain the plaques permanently.

Contest Rules

"New Member" means one who is not presently a member of the N.R.C.A. It may, however, be one who was formerly an N.R.C.A. member.

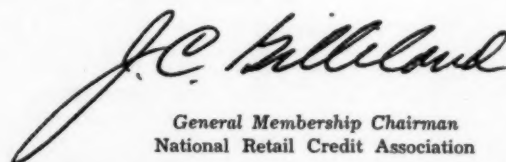
To be counted, reports of new members must be in the National Office, 375 Jackson Avenue, St. Louis 5, Missouri, not later than October 31, 1957.

All members reported during this annual drive will be credited toward the regular membership awards made at the 44th International Consumer Credit Conference, Los Angeles, California, June 16, 1958.

Let's Go!

Co-operative efforts will make this second President's Annual Membership Drive an outstanding success—but time is of the essence.

Start Your Campaign Now.


General Membership Chairman
National Retail Credit Association

Granting Credit in Canada

Credit Seminar in Vancouver

FINAL arrangements are now being completed for the Credit Seminar to be sponsored by the Vancouver Retail Credit Granters' Association this Fall. This course will start September 30, 1957 and continue one night each week until November 4, 1957; each session to be a two hour period. The lectures will be conducted by Harold P. Evans, MCI, and will follow along the same lines as a similar course he conducted last year to members of the T. Eaton Company staff where Mr. Evans holds the position of Manager of the Customer's Accounts Department.

Educational Chairman of the Vancouver Association, Harry Black, Credit Manager, Shell Oil Company of Canada, has announced the following subjects will be covered by the course:

- Credit as a Business Force
- Consumer Credit
- Interviewing the Applicant
- Investigating and Analyzing the Credit Risk
- Special Problems of Credit Control
- Credit Sales Promotion
- Collections
- Collection Methods and Procedures

Each student will receive a copy of the text and reference book by Dr. Clyde W. Phelps, *Retail Credit Fundamentals*, published by the National Retail Credit Association. A final examination will be given on the final evening and the successful student awarded a diploma. The directors of the Vancouver Association feel that they are very fortunate to have the privilege of offering this well-planned Seminar to their members.

Officers and Directors

Credit Granters' Association of Canada

AT THE annual meeting of the Credit Granters' Association of Canada, the following officers and directors were elected for 1957-1958: President, W. J. Thomson, The T. Eaton Co. Limited, Winnipeg, Manitoba; First Vice President, N. F. Belleperche, Baum & Brody Limited, Windsor, Ontario; Second Vice President, W. H. Martin, Crescent Furniture Stores, Regina, Saskatchewan; Secretary-Treasurer, Arthur Bullied, 137 Wellington St. W., Toronto, Ontario; Immediate Past President, H. L. Hulme, Aluminum Goods Limited, Toronto, Ontario; and Honourary Secretary-Treasurer, Thomas Downie, Credit Bureau of Vancouver, Vancouver, British Columbia. Directors: A. Gillespie, 4027 East Hastings Street, Vancouver, British Columbia; Norman A. Morphy, Patterson Motors Limited, Ottawa, Ontario; R. O. Oxner, The T. Eaton Co. Limited, Halifax, Nova Scotia; Ernest G. Fraser, The Toronto-Dominion Bank, Winnipeg, Manitoba; J. Patterson, Yalles Furniture Co. Limited, Toronto, Ontario; and J. W. Wilson, Lasalle Coke, Montreal, Quebec. Directors-at-Large are: Rita Barnes, W. McPhillips Limited, London, Ontario; K. G.

Montgomery, Sterling Finance Corporation, Edmonton, Alberta; and L. S. Crowder, National Retail Credit Association, St. Louis, Missouri. The Inter-Association representative is N. K. Gateson, Credit Bureau of Oshawa, Oshawa, Ontario.

N.R.C.A. MEMBERSHIP IN CANADA

It is interesting to note that in the list of twenty-five largest associations affiliated with the National Retail Credit Association, three associations are in Canada at the present time. They are: Vancouver, British Columbia, fourteenth with 757 members; Montreal, Quebec, sixteenth with 652 members; and Victoria, British Columbia, twenty-second with 459 members.

DISTRICT SIX MEETING IN WINNIPEG

The annual meeting of District Six, National Retail Credit Association, will be held in Winnipeg, Manitoba, Canada. Dates will be announced later. This district comprises the states of Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Manitoba, Canada, and Superior, Wisconsin.

Write

FOR UNIQUE PLAN CONVERTING
OLD 30 DAY INACTIVITIES INTO
ACTIVE REVOLVING ACCOUNTS

Write

FOR PLAN FOR LOWEST COST
BRANCH STORE SOLICIT

Write

NEW ACCOUNTS FOR LESS
THAN ANY OTHER METHOD

Write

FOR PROOF AND
LOW-COST TEST PLAN

COMPARE!

31st success-year with Abraham & Straus; Foley's; Jordan Marsh; May Co.; and other top stores, large & small.

For ace Akron store, our unique mdse.-fashion approach opened

11,000 NEW CHARGE ACCTS.

for **50¢** each

3000 New Accts. opened for Goerke's, N. J. bought during the first year alone **\$301,000**

WE REVIVE 50% to 70% INACTIVES

3725 (50%) Inactives in famed Texas store bought within six months, at 1/2% cost **\$241,000**

LESTER **brozman** COMPANY

160 FIFTH AVENUE, N. Y. C. 10

Monthly CREDIT STATISTICS



CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts of short- and intermediate-term credit outstanding, in millions of dollars]

End of year or month	Total	Instalment credit					Noninstalment credit			
		Total	Automobile paper ¹	Other consumer goods paper ¹	Repair and modernization loans ²	Personal loans	Total	Single-payment loans	Charge accounts	Service credit
1939.....	7,222	4,503	1,497	1,620	298	1,088	2,719	787	1,414	518
1941.....	9,172	6,085	2,458	1,929	376	1,322	3,087	845	1,645	597
1945.....	5,665	2,462	455	816	182	1,009	3,203	746	1,612	845
1949.....	17,305	11,590	4,555	3,706	898	2,431	5,715	1,532	2,795	1,388
1950.....	21,395	14,703	6,074	4,799	1,016	2,814	6,692	1,821	3,291	1,580
1951.....	22,617	15,294	5,972	4,880	1,085	3,357	7,323	1,934	3,605	1,784
1952.....	27,401	19,403	7,733	6,174	1,385	4,111	7,998	2,120	4,011	1,867
1953.....	31,243	23,005	9,835	6,779	1,610	4,781	8,238	2,187	4,124	1,927
1954.....	32,292	23,568	9,809	6,751	1,616	5,392	8,724	2,408	4,308	2,008
1955.....	38,648	29,020	13,468	7,626	1,670	6,256	9,628	2,992	4,544	2,092
1956.....	41,863	31,552	14,436	8,139	1,793	7,184	10,311	3,421	4,702	2,188
1956-May.....	38,919	29,763	14,059	7,401	1,677	6,626	9,156	3,258	3,701	2,197
June.....	39,454	30,084	14,255	7,417	1,700	6,712	9,370	3,335	3,804	2,231
July.....	39,478	30,297	14,381	7,421	1,710	6,785	9,181	3,261	3,674	2,246
Aug.....	39,878	30,644	14,530	7,493	1,734	6,887	9,234	3,295	3,696	2,243
Sept.....	40,074	30,707	14,533	7,497	1,758	6,919	9,367	3,361	3,780	2,226
Oct.....	40,196	30,811	14,478	7,601	1,781	6,951	9,385	3,310	3,875	2,200
Nov.....	40,631	31,024	14,449	7,752	1,797	7,026	9,607	3,401	4,029	2,177
Dec.....	41,863	31,552	14,436	8,139	1,793	7,184	10,311	3,421	4,702	2,188
1957-Jan.....	40,916	31,298	14,389	7,938	1,772	7,199	9,618	3,360	4,085	2,173
Feb.....	40,513	31,233	14,410	7,805	1,759	7,259	9,280	3,433	3,662	2,185
Mar.....	40,503	31,273	14,501	7,698	1,754	7,320	9,230	3,527	3,500	2,203
Apr.....	41,015	31,532	14,659	7,671	1,760	7,442	9,483	3,536	3,687	2,260
May.....	41,707	31,901	14,852	7,731	1,783	7,535	9,806	3,741	3,785	2,280

¹ Represents all consumer instalment credit extended for the purpose of purchasing automobiles and other consumer goods, whether held by retail outlets or financial institutions. Includes credit on purchases by individuals of automobiles or other consumer goods that may be used in part for business.

² Represents repair and modernization loans held by financial institutions; holdings of retail outlets are included in other consumer goods paper.

NOTE.—Monthly figures for the period December 1939 through 1947 and a general description of the series are shown on pp. 336-354 of the BULLETIN for April 1953. Revised monthly figures for the period January 1948-August 1956, together with a description of the revision, are shown on pp. 1031-1042 of the BULLETIN for October 1956. A detailed description of the methods used to derive the estimates may be obtained from Division of Research and Statistics.

INSTALMENT CREDIT, BY HOLDER

[Estimated amounts outstanding, in millions of dollars]

End of year or month	Total instalment credit	Financial institutions						Retail outlets					
		Total	Commercial banks	Sales finance companies	Credit unions	Consumer finance companies ¹	Other ¹	Total	Department stores ²	Furniture stores	Household appliance stores	Automobile dealers ²	Other
1939.....	4,503	3,065	1,079	1,197	132	.....	657	1,438	354	439	183	123	339
1941.....	6,085	4,480	1,726	1,797	198	.....	759	1,605	320	496	206	188	395
1945.....	2,462	1,776	745	300	102	.....	629	686	131	240	17	28	270
1949.....	11,590	9,257	4,439	2,944	438	.....	1,436	2,333	596	740	178	236	583
1950.....	14,703	11,805	5,798	3,711	590	1,286	420	2,898	746	827	267	287	771
1951.....	15,294	12,124	5,771	3,654	635	1,555	509	3,170	924	810	243	290	903
1952.....	19,403	15,581	7,524	4,711	837	1,866	643	3,822	1,107	943	301	389	1,082
1953.....	23,005	18,963	8,998	5,927	1,124	2,137	777	4,042	1,064	1,004	377	527	1,070
1954.....	23,568	19,450	8,796	6,144	1,342	2,257	911	4,118	1,242	984	377	463	1,052
1955.....	29,020	24,441	10,601	8,443	1,680	2,656	1,061	4,579	1,511	1,052	381	535	1,100
1956.....	31,552	27,038	11,682	9,100	2,048	3,049	1,159	4,514	1,407	1,020	378	572	1,137
1956-May.....	29,763	25,528	11,170	8,641	1,806	2,805	1,106	4,235	1,389	971	351	554	970
June.....	30,084	25,963	11,394	8,765	1,848	2,845	1,111	4,121	1,247	973	354	562	985
July.....	30,297	26,193	11,476	8,849	1,880	2,880	1,108	4,104	1,239	967	359	568	971
Aug.....	30,644	26,475	11,548	8,953	1,933	2,920	1,121	4,169	1,286	973	365	575	970
Sept.....	30,707	26,551	11,548	8,989	1,960	2,924	1,130	4,156	1,269	970	368	576	973
Oct.....	30,811	26,635	11,606	8,973	1,994	2,938	1,124	4,176	1,269	974	368	574	991
Nov.....	31,024	26,846	11,634	9,075	2,021	2,961	1,155	4,178	1,230	988	373	573	1,014
Dec.....	31,552	27,038	11,682	9,100	2,048	3,049	1,159	4,514	1,407	1,020	378	572	1,137
1957-Jan.....	31,298	26,931	11,616	9,077	2,045	3,041	1,152	4,367	1,380	975	364	568	1,080
Feb.....	31,233	26,967	11,641	9,035	2,074	3,051	1,166	4,266	1,345	957	362	568	1,034
Mar.....	31,273	27,101	11,711	9,048	2,108	3,056	1,178	4,172	1,298	936	357	570	1,011
Apr.....	31,532	27,493	11,960	9,104	2,154	3,095	1,180	4,039	1,170	922	354	575	1,018
May.....	31,901	27,810	12,123	9,176	2,194	3,110	1,207	4,091	1,222	923	356	581	1,009

¹ Consumer finance companies included with "other" financial institutions until September 1950.

² Includes mail-order houses.

³ Represents automobile paper only; other instalment credit held by automobile dealers is included with "other" retail outlets.

Sales
Promotion

Interviewing

Investigating

Authorizing

Billing

Collections

Control

The CREDIT Clinic

A "give-and-take" page,
wherein readers may ask
— and answer — ques-
tions about their credit
and collection problems
and solve them in the
laboratory of practical
experience

Department, Apparel, and Shoe Stores

QUESTION

I have heard of at least one store offering to pay ten cents for the privilege of cashing a customer's check. This is unlike the usual practice of charging a fee for cashing checks. Do the members of the panel think this practice is a good will builder?

ANSWERS

Dean Ashby, Manager of Credit Sales, The Fair, Fort Worth, Texas: It is very interesting to learn that one store is paying ten cents for the privilege of cashing a customer's check. I presume that it is a good will builder that encourages more people to cash payroll checks with that store. However, most stores have not found it necessary to encourage people to do this, for if you have attractions such as good merchandise and service, then customers will come into your store in a volume that results in the cashing of checks, and it would not seem that you would have to create an additional cost to encourage this traffic.

David K. Blair, Credit Manager, H. Liebes and Company, San Francisco, California: I can recall that many years ago some stores in this area established separate departments for cashing of customers' payroll checks. Personal checks were not cashed without first being approved by the Credit Office. Although no payment was made by the customers for the privilege of cashing payroll checks, a special department made it easier for the customer and a large volume of checks were cashed. A certain additional sales volume was gained because of this service. However, after several years tests were made which showed that the actual dollar volume increase in sales did not warrant the extra payroll costs which were involved, and as a result the practice has been dropped. To those stores considering such a program, I might warn them that present day methods used by criminals in cashing bogus checks would make such a program a very costly one.

B. C. DeLoach, Credit Manager, Loveman, Joseph and Loeb, Birmingham, Alabama: Our company has never thought of putting into operation such a plan as this and doubt if it ever will. It is my opinion that the amount paid the customer will not in the long run enhance the good will of the customer very much. Merely cashing the check whenever possible, I think will be sufficient.

Curtis E. Francis, Credit Sales Manager, Perkins Timberlake Company, Wichita Falls, Texas: I assume you are referring to pay-roll and not personal checks. If so, the idea definitely has merit and should do a fairly good job of good will building. The advisability of doing so might be another thing. If a store is located in a

community where the volume of pay-checks is considerable and they do not have to deal with transients, then it could be a good thing. It would bring a great deal of traffic into a store that might not come in otherwise. This would be particularly true if the store was well-known for its lower and middle price ranges. A store policy of extreme leniency would be a necessity as far as requiring identification is concerned. So far as building good will is concerned, the idea really appeals to me. On the other hand, a few losses would certainly curtail a person's enthusiasm!

Miss Marion A. Leleu, Credit Manager, Brown-Dunkin Company, Tulsa, Oklahoma: I was not aware that any store was willing to pay for the privilege of cashing a customer's check. Yet, this idea might have a lot of merit. Nothing could be better than turning a customer loose in your store with a pocket full of money! If the displays are right and the merchandise is right, chances are some purchases would be made. On the other hand, it seems that more stores are interested in charging a fee for cashing a customer's check. It is my thought that if a customer is merely cashing the check outright as an accommodation and has stated that he or she is not making any purchases from you, then, it might be all right to charge a fee. Otherwise, it appears to me that checks accepted for merchandise should be handled without a service charge.

L. S. Somers, Director of Accounts, McCurdy and Company, Rochester, New York: I believe that the cashing of a customer's check without a fee is a sufficient good will builder. Retail stores are not banks. Two of the four major stores in Rochester charge for cashing checks and two do not.

QUESTION

It is reported that certain department stores are charging a fee, varying from one to five dollars, for making out a duplicate bill for a customer. Is this sound procedure?

ANSWERS

Dean Ashby, Manager of Credit Sales, The Fair, Fort Worth, Texas: The charge for making out a duplicate bill for a customer has been given serious consideration by a number of stores, and I understand from those who have put it into practice that it results in a lesser number of duplicate bills being made out. We all recognize that making duplicate bills is quite time-consuming and possibly delays settlement of the account. However, I believe that if the proper follow-up is made on accounts consistently, it will minimize the number of such bills being made out, since customers will pay the bill properly with less requests for duplications. Many times these requests are made because of lack of coverage on the account and is on a supplementary basis. This procedure will create much more good will than to charge a fee, as suggested.

David K. Blair, Credit Manager, H. Liebes and Company, San Francisco, California: One major department store in this area is at present charging a fee of \$5.00 for preparing an itemized statement for a customer. Another store refuses to make a duplicate bill on the basis that the statement has been sent and it is the customer's responsibility to keep his own records. Both stores, naturally, are glad to prepare a statement when there is a logical reason that the store should comply. The reason behind the charge or the refusal is that the preparation of the statement is additional work which the store is not obligated to do and for which personnel is not available. I personally feel that customers who request itemized statements of purchases for the past year so that they may calculate their sales tax in order to deduct it from their income tax are making unreasonable demands on the merchant, as we refuse to prepare such statements. I also object to the husband who in the midst of marital difficulties requests an itemized statement of his wife's purchases over the past three years so that he can prove that she is a spendthrift in the divorce court. In such cases, it is the practice to explain that I have not the personnel available to make the statement and when he offers to pay for the service, I make the charge so high that I never hear from him again.

B. C. DeLoach, Credit Manager, Loveman, Joseph and Loeb, Birmingham, Alabama: There have been instances when I would have liked very much to make a charge for this service. We have never done this, however, and I do not think it would be a very good advertisement for a department store to make such a charge. We have educated our customers to expect this service free and if my company does not furnish it, there will be a store down the street that will furnish it and we will lose a charge account.

Curtis E. Francis, Credit Sales Manager, Perkins Timberlake Company, Wichita Falls, Texas: In my opinion it is not. I believe that the stores that have adopted such a policy are looking at the trees rather than the forest. We must not forget that we are a service department and the better service we can render the happier our customers will be with our store. Of course, it is annoying to have to make a duplicate statement and it costs money to do so. At the same time, we had to consider such items in setting our operating budget, the same as the necessity of answering letters from customers inquiring about various things. I suppose every store has a few people who are always losing their statements and then want to know how much they owe but they are so few considering the number

of accounts the store services. I believe the store making such a charge is inviting the customer to take his business elsewhere. In effect, it is saying to the customer, "We do not want to fool with you. If you can't keep up with what you bought, you should pay cash."

Miss Marion A. Leleu, Credit Manager, Brown-Dunkin Company, Tulsa Oklahoma: It is my opinion that a fee should not be charged for making up a duplicate statement for a customer. We have many such requests and we are always happy to grant this extra service even though we realize it takes time and costs us money to do so.

Petroleum

QUESTION

What is the policy of the firms represented on the panel regarding "charge-off" accounts? Are the accounts taken out of Accounts Receivable and placed in a dead file or are they left in the ledgers for continued collection follow-up?

ANSWERS

H. M. Barrentine, Skelly Oil Company, Kansas City, Missouri: When accounts are charged to Profit and Loss, our ledger sheets are physically removed from the active ledger, and transferred to our charge-off ledger. Collection effort continues, however it is not continued on the same schedule that we follow regular open accounts. As a general rule, accounts charged to Profit and Loss have previously been placed with an attorney, or a collection agency. They furnish periodic reports on the progress that is being made. Charged-off accounts are never forgotten, except in case of hopeless skips, decease without estate, and bankruptcies.

T. J. Fahay, Credit Manager, Union Oil Company of California, San Francisco, California: Written off accounts are transferred from our current ledger to a "written off" ledger. When an account is written off, the file is destroyed except in those cases where collection follow-up is continued either by the credit department, our attorneys, or a collection agency. At periodic intervals, the credit department checks the follow-up to determine if further follow-up and retention of the file is justified. In all cases appropriate notation is made on the master credit instruction card. We show date of write-off, amount, and name and address of agency that handled follow-up. The file is destroyed when the agency or our attorneys return the account as hopeless or when it outlaws.

William Stockton, Manager Credits and Collection, The Atlantic Refining Company, Philadelphia, Pennsylvania: Accounts are transferred from our regular accounts receivable ledger to a suspense ledger. They are transferred to the suspense ledger at the time we place them for collection. This, of course, includes accounts which are filed with representatives of decedent's estates, bankrupts, receiverships, etc. The reason for the transfer to this suspense ledger is to separate them from the accounts which are apparently good and which will pay according to normal terms. When the accounts are in the suspense ledger, they are given vigorous follow-up and every effort is made to salvage as much as possible. Practically all accounts are sued unless it is obvious that the debtors are in the "uncollectible" category.

H. M. G. Walker, Credit Manager, Esso Standard Oil Co., Columbia, South Carolina: Accounts generally, remain in Accounts Receivable—Current for a period of

Attention

District, State and Local Associations

Our new slide series, "The National Retail Credit Association—Its History and Services," is now completed and ready for showing.

It will be loaned without charge to all interested groups. Viewing time and comments, in mimeographed form, will take approximately 25 minutes. Limited number available.

NATIONAL RETAIL CREDIT ASSOCIATION

375 Jackson Ave.

St. Louis 5, Missouri

12 months after the last charge: Close of month governing. They are then transferred to: Accounts Receivable—Suspended. No set rule governs the time an account remains in the suspense ledger before being charged off. If follow-up develops uncollectibility, they are charged-off and forgotten. Accounts placed with attorneys or Collection Agencies and subsequently reduced to Judgment (in this State, a Judgment is a lien against property for ten years), usually are retained in suspense for a period of not less than 18 months after date of recording. These may then be charged-off and the file retained for periodic review and handling with the attorney or agency. Naturally, any claim returned "Nulla Bona" by the County Officer is immediately charged-off and forgotten.

R. W. Weiler, Assistant Treasurer, The Texas Company, New York, New York: The following pertains particularly to the retail end of our receivables created as a result of our credit card privileges. No doubt your readers would be more interested in the retail end of our business. It is our practice to reclassify credit card accounts receivable as doubtful where the unpaid balance has been outstanding in excess of 180 days. Accounts with balances outstanding less than 180 days may be reclassified depending on the circumstances affecting the individual account. Such accounts, when reclassified are, however, maintained in the same control account that covers current credit card accounts receivable. Specialized collection follow-up continues on each account as circumstances warrant, such handling being the responsibility of a special section of our Credit Department. Credit card accounts are normally charged-off as worthless where there has been no payment activity for a period of twelve months or where the situation existing on an individual account indicates that collection possibilities are remote. Where circumstances warrant, collection follow-up continues on an individual account even though the balance has been charged-off to worthless.

Newspapers

QUESTION

What credit limit should be allowed without a credit check or special collection attention on:

- (a) Transient Classified Accounts?
- (b) Display Advertising?

ANSWERS

Henry G. Baker, Manager of Credits and Collections, The Daily Oklahoman-Oklahoma City Times, Oklahoma City, Oklahoma: Our system demands that all transient classified copy, including cash copy, be cleared through and OK'd by the Credit Department before final acceptance. All "unknown" accounts are checked against the "bad credit list" and those amounting to around \$10.00 and over are checked for local address, phone number etc., and if no information is available, we call the party and request more information and in many instances, we require payment in advance. If it is to be a "one time" deal, we forget it, but if it is to become a regular advertiser, we get a credit report. All new Display accounts are "supposed" to be cleared through the Credit Department, regardless of amount.

A. W. Blieszner, Credit Manager, The Pittsburgh Press, Pittsburgh, Pennsylvania: Every new order, large or small, Transient Classified or Display is checked against our permanent bad experience file. If nothing unfavorable is known we allow a credit limit of approxi-

Collection Costs Cut 50% WITH EFFECTIVE MODERN "POSTAGRAPHS"

Conservative, dignified and impersonal in appearance, Postographs economically combine the letter and envelope. They are mailed third class, saving up to 50% on postage. Yet, they have the desired privacy and appearance of a first class letter. They're delivered to you custom printed, folded, sealed—ready for addressing.

OFFER 7 ADVANTAGES:

Postographs exclusive combination design eliminates multigraphing, folding, stuffing, sealing, letterhead and envelope costs.

EFFECTIVELY USED BY

LEADING DEPARTMENT STORES, SPECIALTY STORES... AND WHEREVER CONSUMER CREDIT IS IN OPERATION.

SEND SAMPLE OF YOUR COLLECTION LETTER

We'll prepare it Postograph style and submit it with price list. No cost or obligation. No salesman will call.

POSTAGRAPH CO.

506 E. Lombard Street • Baltimore 2, Md.

mately \$20.00 to \$25.00 on a new order for Transient Classified Advertising without a special credit check or report. Under the same circumstances on Transient Display Advertising we will extend from \$25.00 to \$50.00 on new orders, depending upon the nature of the business offering the advertising.

H. E. Hull, Credit Manager, The Detroit News, Detroit, Michigan: In answering these questions, it is sometimes difficult to avoid going into considerable detail to insure the readers understanding your procedure, but I recognize that the answers have to be reasonably concise and I will do the best I can with it. We check all transient orders against our "stop order" file which contains the names of accounts with whom we have had unsatisfactory experience in the past. If the name is not on the list, any order of less than \$35.00 is passed without further checking. On orders for more than that amount, we endeavor to obtain some credit information and rely to a considerable extent upon our local association to supply us with the information required. The information developed from these inquiries naturally dictates the method of handling from that point. All orders for display advertising are checked for credit, although I must confess that the smaller orders, calling for one to two inches of space do not receive the same attention as the larger ones. Our reason for wanting to check all display ads is because accounts which begin advertising in a small way, quite often increase the size of their ads considerably and we feel that it is just as well to know something about the advertiser before that happens. While it is true we sometimes do not receive repeat business and the price of the credit report is hardly justified for the small account, the advantages of being prepared in case of repeat business more than repays us.



★ Items of Interest *From the* NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

Credit and Other Problems at PX's—The question, should a system of credit be established at military post exchanges and ships' stores, was debated, briefly, on July 10, 1957, at the final session of the special subcommittee of the House Armed Services Committee (Philbin Committee) appointed to study a request by an interservice committee of the military to enlarge the items and categories of merchandise sold at post exchanges. The subject of credit, not alluded to in the original request, was added by the sub-committee after it learned of an Air Force proposal to establish a system of credit at two air force bases on a trial basis.

The sub-committee strongly disapproved of the proposal to incorporate a credit system in post exchanges "either on a limited or a general basis," and this was indorsed by the full Armed Services Committee. While this committee action does not have the force of law, it will be honored by the military on the basis of the so-called "Gentleman's Agreement" arrived at in 1949 between the same House Armed Service Committee and the Defense Department.

It seems unlikely, however, that the proposal for the adoption of a system of credit at post exchanges will be dropped indefinitely since the entire subject of the operation of post exchanges appears ready for re-study based on factors emerging from the hearings, as well as recommendations entered at the hearings by retail groups for such a study. The Hoover Commission also has called for such a study.

First, by way of background, the 1949 "Gentleman's Agreement" was arrived at after an extensive inquiry conducted by the House Armed Services Committee in collaboration with the Department of Defense, whereby a specified list of items and categories of merchandise authorized for re-sale was drawn up. It also provided for "deviations" under hardship or unusual conditions. It appears that this list was adhered to religiously by the armed services with the exception that the sub-committee found that in the area of permissible "deviation" there had been excessive liberality of interpretation by the services.

On September 4, 1956, the Assistant Secretary of the Navy, speaking for an interservice committee, wrote a letter to Mr. Vinson, the Chairman of the House Armed Services Committee, proposing a list of 23 additions or extensions to the list then authorized under the 1949 "Gentleman's Agreement." It appears from the hearings that these 23 items and categories were sifted out of a much larger number of requests which had come from post and department commanders from all over the country. It was to evaluate this list of 23 requested changes that the special subcommittee was set up.

The request by the military for approval of the 23 items and categories was bottomed on the asserted necessity of such benefits "to obtain and hold qualified personnel by making service life more attractive." In

short, this was the "fringe benefit" argument which has become such a potent factor in labor contract negotiations, and elsewhere, and is now appealed to, with similar force, by the military.

On the same date as the above letter to Mr. Vinson the powerful voice of the American Legion was raised in national convention at Los Angeles, September 3-6, 1956, by a resolution (placed in the record at these hearings) "urging the restoration of fringe benefits to the members of the Armed Forces of the United States and their families including . . . convenient, inexpensive access to food and clothing, and quality merchandise not now available at post exchanges, ships' services and commissaries."

The Philbin committee in its report indorsed and approved—in whole or in part—all of the items and categories except one (the military having withdrawn three). This constituted the main accomplishment and recommendation of the committee. In addition, as noted, it disapproved establishment of systems of credit. And finally the report urged stricter enforcement of the "deviation" procedure.

But the retail groups which had reluctantly agreed in conference to a majority of the items—after deletions and limitations which were accepted by the military—were not satisfied. This attitude was indicated by the Chairman of the sub-committee, Mr. Philbin, when he said in the report: ". . . because they continued to oppose military exchanges on a basis of principle, many of the retailers withdrew from their previous agreement, but clearly indicated that it was on the basis of principle, and not because they were basically opposed to the items themselves." (Committee Report No. 55, July 30, 1957 at page 3423).

This position was most clearly and forcefully expressed, perhaps, in the statement of Roland Jones, speaking for the American Retail Federation, on the last day of the hearings, when he said: "In summary then the retail industry is strongly opposed to the extension of credit in the sale of nonmilitary items. It feels that there should be no expansion of the presently authorized list of items. And it believes that these questions, and many others, might be settled once and for all by a thorough study of the functions, scope and operations of military stores and a definite expression of congressional intent in this matter."

"Such a study," he continued, "might well provide permanent answers to many of the questions which now recur constantly. As well as stating definitely the congressional intent as to the function of a military store, it could provide more precise definitions as to what actually does constitute an item of necessity, comfort, or convenience. It could define questions of hardship and what constitutes an isolated location; and both of these questions are presently unanswered in any satisfactory manner." ★★★

LOCAL ASSOCIATION

Activities



Butte, Montana

At the annual meeting of the Butte Retail Credit Association, Butte, Montana, the following officers and Directors were elected: President, W. P. O'Hern, H-O Finance; Vice President, Mrs. Helen M. Lybold, Weinberg's; Treasurer, Tim Shea, Miners National Bank; and Secretary, Rose Shaw, Credit Bureau of Butte. Directors: Tom Sullivan, Hennessy's; R. L. Carter, Montana Cash Grocery; S. L. Peterson, Firestone Stores; Len Waters, Len Waters Music Co.; G. Vincent Fischer, Metals Bank & Trust Co.; R. Bourke MacDonald, Largey Lumber Co.; and John Cunningham, Montana Power Co.

Birmingham, Alabama

The Associated Retail Credit Managers of Birmingham, Birmingham, Alabama, has elected the following officers and directors for 1957-1958: President, T. M. Nesbitt, Jr., Finance, Inc.; First Vice President, George W. Crawford, Alabama Power Company; Second Vice President, John W. Porter, The New Ideal; Third Vice President, E. A. Jarvis, Lawrence Furniture Company; Secretary-Treasurer, James E. Fenn, Merchants Credit Association; and Secretary-Treasurer Emeritus, William V. Trammell. Directors: E. L. Goodman, Burger-Phillips Company; George H. Allen, Fidelity Mortgage Company; J. L. Bragg, Cobbs Allen & Hall; Mrs. Earline Craft, Dixie Sporting Goods; Mrs. Glacye Crowe, Brett Gas, Inc.; J. H. Cruce, Yielding's; B. C. DeLoach, Loveman's; Mrs. Mary Helms, Jefferson Home Furniture Company; Richard E. Killette, Moore-Handley Hardware Company; Mrs. Bernice Riddle, United States Tire Supply; William E. Spidle, Jobe Rose Jewelry Company; and Mrs. Irma Thompson, A & A Ash Jewelers.

Casper, Wyoming

At the organizational meeting of the Retail Credit Association of Casper, Casper, Wyoming, the following officers and directors were elected: President, Robert Mitchell, Natrona Motor Company; Vice President, H. P. Nagel, Evans-Nagel Motor Company; Treasurer, Norma Walker, Memorial Hospital; and Secretary, Bruce Ward, Credit Bureau of Casper. Directors: Lloyd Fordyce, Fordyce Furniture Mart; Leonard Whiting, Yellowstone Dairy; Clarence Harbicht, Pacific Power and Light Company; S. McReynolds, Casper Commissary; John Meyer, Meyer Jewelry; and Walter Berlet, Berlet's.

San Jose, California

The San Jose Chapter of the National Retail Credit Association, San Jose, California, has elected the following officers and directors for 1957-1958: President, John Snyder, American Trust Company; Vice President, Zelma Patrick, Bob Coyle Chevrolet Company; and Secretary-Treasurer, Marie Farnsworth, Hart's. Directors: Santina Campagna, Hart's; Mary Schumann, Robinson's Furniture Company; Ted Strizick, Hale's; and William J. Weeden, Bank of America.

Springfield, Massachusetts

At a recent meeting of the newly elected directors of the Retail Credit Association of Springfield, Springfield, Massachusetts, the following officers were elected: President, Russell R. Moffatt, Springfield Safe Deposit and Trust Company; First Vice President, Ernest W. Deslauriers, Forbes & Wallace; Second Vice President, Ella T. Hendron, D. H. Brigham & Company; and Secretary-Treasurer, George B. Allan, Credit Bureau of Greater Springfield. Directors: Wallace M. Burnett, Third National Bank & Trust Company; Norman D. Lamoureux, Converse-Carlisle Company; Joseph T. Spagna, Springfield Gas Light Company; and Raymond W. Williamson, Springfield School Department.

Poughkeepsie, New York

The new officers and directors of the Retail Credit Association of Poughkeepsie and Dutchess County, Poughkeepsie, New York, are: President, Isadore Katzowitz, Star Gas Company; Vice President, Claude Jaycox, Dairylea Corporation; Treasurer, Margaret Gronbach, Dutchess Bank and Trust Company; and Secretary, Alfred S. Tenhope, Rocket Stores. Directors: Henry Walkoff, Town Shop; Joseph Gusmano, Mid-Hudson Gas Company; and Charles Russell, Russell Fuel and Heating.

Chicago, Illinois

At the annual meeting of the Retail Credit Association of Cook County, Chicago, Illinois, the following officers and directors were elected for 1957-1958: President, Robert H. Goehman, Olson Rug Company; First Vice President, Charles G. Burd, Spiegel, Inc.; Second Vice President, Bryce J. Bryar, Talman Federal Savings and Loan Association; Treasurer, William G. Kelsey, Peoples Gas, Light & Coke Company; and Secretary, Carl S. Hobbet, Credit Bureau of Cook County. Directors: Lawrence C. Burkhardt, Maurice L. Rothchild & Company; M. N. Di Flavio, American National Bank; Robert M. Hartle, Morris B. Sachs; Effie Jean Keller, Lake Shore National Bank; Frank D. Kollmer, Alden's, Inc.; George H. Landis, Carson Pirie Scott & Company; Paul McKee, Henry C. Lytton & Company; Arthur Mitchell, The Crawford Department Store; Sam D. Scorza, Cities Service Oil Company; and Joseph A. White, The Fair. Originally organized in 1918 under the name of Associated Retail Credit Men of Chicago, this group has functioned continuously ever since in the interest of local credit men and women, and is affiliated with the National Retail Credit Association.

Mount Vernon, Washington

The new officers of the Retail Credit Association of Skagit County, Mount Vernon, Washington, are: President, William J. Nass, Sears, Roebuck & Company; Vice President, John Higgins, Seattle-First National Bank; and Secretary-Treasurer, A. G. Wilson, Credit Bureau of Skagit County.

Discourage National Advertising Of Easy Credit Terms



Henry H. Heimann

FOR MANY YEARS we have discouraged the advertising of easy credit terms by manufacturers of products for the consumer. In some instances we found that the distributor was responsible and had not obtained the approval of the manufacturer.

We have also discouraged the advertising of terms by retailers, suggesting that in all newspaper ads use "convenient terms may be arranged" or something similar.

In this connection, I am pleased to quote from a letter of Henry H. Heimann, Executive Vice President, National Association of Credit Men, dated July 29, 1957:

In his State of the Union message last January, President Eisenhower called upon business and the public generally to exercise voluntary self-imposed restraints as a possible corrective against further inflation and inflation's inevitable companion—depreciation of the dollar.

We in credit management have the particular responsibility to use whatever influence we can bring to bear to see that credit does not become one of the contributing factors to further declines in the value of our National currency.

Ominous indeed were the President's words that: "Freedom has been defined as the opportunity for self discipline. Should we persistently fail to discipline ourselves, eventually there will be increasing pressure on government to redress the failure."

It is with these thoughts in mind that we bring to your attention the following resolution adopted by our Association of 36,000 credit executives in commerce and industry at its 1957 Annual Convention:

WHEREAS, the emphasizing of easy credit terms in advertising, rather than the product, is injurious to sound credit at the consumer level,

BE IT RESOLVED, That this Association contact the Association of National Advertisers, The American Association of Advertising Agencies, The Advertising Council and The National Retail Credit Association to urge these Associations to use their influence to promote the advertising of the product itself rather than its credit terms of sale, in the interest of both sound advertising and sound credit principles.

Often credit terms in national advertisements are not in line with terms offered locally and the variance in terms is confusing to the customer. When such advertising comes to your attention we recommend that you write the manufacturer voicing your apposition to the practice and send a copy of your letter to the National Office.

A handwritten signature in dark ink, appearing to read "L. Shouder". The signature is fluid and cursive, with a long horizontal stroke at the end.

General Manager-Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION

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